

JPRS 76541

2 October 1980

West Europe Report

No. 1632

FBIS FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Indexes to this report (by keyword, author, personal names, title and series) are available from Bell & Howell, Old Mansfield Road, Wooster, Ohio 44691.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

2 October 1980

WEST EUROPE REPORT

No. 1632

CONTENTS

COUNTRY SECTION

INTERNATIONAL AFFAIRS

Japanese Imports Threaten West Europe Auto Industry (DER SPIEGEL, 21 Jul 80).....	1
Japanese Car Export Offensive Lambsdorff Interviewed, Otto Graf Lambsdorff Interview	
Swiss, Austrian, FRG Finance Ministers on Economic Problems (NEUE ZUERCHER ZEITUNG, 7/8 Sep 80).....	23
Upswing of Benelux Currency Within EMS Analyzed (NEUE ZUERCHER ZEITUNG, 16 Aug 80).....	25
EEC Reportedly Developing Initiative on Cyprus (TO VIMA, 17 Aug 80).....	29

AUSTRIA

National Debt Is Steadily Rising (NEUE ZUERCHER ZEITUNG, 13 Aug 80).....	31
Report on 1980 National Debt Published (INTERNATIONALE WIRTSCHAFT, 22 Aug 80).....	33

BELGIUM

1981 Budget Detailed; Energy Taxes Restructured (KNACK, 13 Aug 80).....	37
--	----

Briefs	
Zeebrugge Port To Be Expanded	39
Antwerp Jewish Community Militia	39
Gendarmerie's Moral Problems	40
Stricter Unemployment Control	40
CYPRUS	
Partisanship Charged in Refugee Treatment (Bilbay Eminoglu; BOZKURT, 31 Jul 80).....	41
Libya Taking Active Role in Cyprus Problem (BOZKURT, 6 Aug 80).....	43
FEDERAL REPUBLIC OF GERMANY	
Lambadorff Visit, Trade Prospects With PRC Discussed (Editorial; DER SPIEGEL, 18 Aug 80).....	45
Codetermination Dispute To Resume After Election (DER SPIEGEL, 18 Aug 80).....	48
SPD Leftwing Ponders Future Within Party (Dieter Wenz; FRANKFURTER ALLGEMEINE, 20 Aug 80).....	53
FINLAND	
Briefs	
Saudi Oil Price Increase	57
FRANCE	
Marchais Calls for Stronger PCF as Key to Change (Georges Marchais; L'HUMANITE, 15 Sep 80).....	58
GREECE	
War Industry Status, Prospects Reported (Elisavet Kotzia; I KATHIMERINI, 24 Aug 80).....	65
Hellenic Industrial Development Bank Analyzes Economy (ELEVTHEROITYPIA, 27 Aug 80).....	69
ITALY	
Berlinguer Assesses National, International Situation (Ugo Baduel; L'UNITA, 15 Sep 80).....	71

NORWAY

Paper Asks Labor Party To Consider Alternative to Stockpiling (Editorial; AFTENPOSTEN, 16 Sep 80).....	79
Labor Party Leaders Debate Stockpiling Issue (Eivind G. Karlsen; AFTENPOSTEN, 17 Sep 80).....	81
Paper Preview Nordli's Visit to China (ARBEIDERBLADET, 18 Sep 80).....	84

SWITZERLAND

Switzerland Prepares for CSCE Conference in Madrid (Bue; NEUE ZUERCHER ZEITUNG, 24/25 Aug 80).....	86
Police Confiscate Large Amounts of Explosives (NEUE ZUERCHER ZEITUNG, 7/8 Sep 80).....	90
Police Search Autonomous Youth Center (NEUE ZUERCHER ZEITUNG, 7/8 Sep 80).....	92
AJZ, Youth Riots Connected City, SP Policies Criticized SVP for Strict Measures AJZ Closed	

TURKEY

Private Sector Pushing for Full EEC Membership (TÜRKİYE İKTİSAT GAZETESİ, 31 Jul 80).....	96
'CUMHURİYET' Holds Out Hope Against Terrorism (Editorial, Ugur Mumcu; CUMHURİYET, 16 Sep 80).....	99
Number of Gecekondu Dwellers Burgeoning (TERCUMAN, 9 Aug 80).....	102
Corum Official Assesses Province's Violence (Metin Ozkinay Interview; CUMHURİYET, 16 Aug 80).....	104
Erbakan Charges Racism in Sunni-Alevi Conflict (Necmettin Erbakan Interview; AYDINLIK, 20 Aug 80).....	110
Arms Ring Broken Up in Austria (Ali H. Yurtsever; TERCUMAN, 5 Aug 80).....	113

JAPANESE IMPORTS THREATEN WEST EUROPE AUTO INDUSTRY

Japanese Car Export Offensive

Hamburg DER SPIEGEL in German 21 Jul 80 pp 52-60, 63-70

[Article: "The Japanese Are Programmed To Win"]

[Text] A rank outsider has been rising to the position of the world's leading automobile nation: Since the beginning of the year, Japan has been producing more cars than any other industrial country. North Americans and Europeans feel defenseless against the deluge of automobiles from the Far East: "They're simply going to gobble us up," complains U.S. executive Henry Ford.

As far as technology is concerned, no one shows them how things are done anymore; their workers are just as disciplined as the robots that work alongside them; their products are flooding the world markets. But according to the Japanese automobile manufacturers, their competitors need not worry.

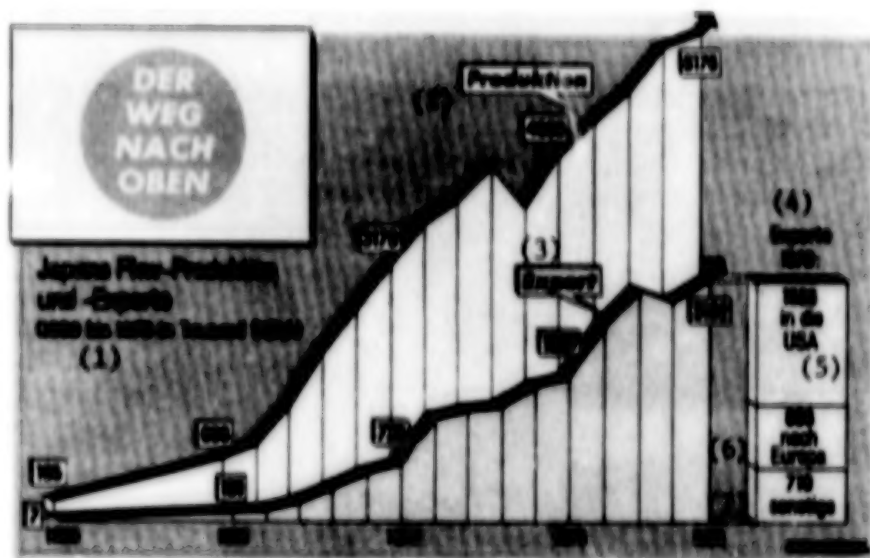
"After all," says Shigenobu Yamamoto, vice president of the Toyota auto company, "we pose no threat to anyone. Least of all to the Germans, whom we admire so much."

Such politely ironic compliments only make the objects of this admiration more nervous, for--like their colleagues everywhere in Western Europe--the managers of German automobile companies are afraid of the Japanese. According to Nicholas Hayek, an industrial consultant knowledgeable in the field, "Some of these gentlemen are already as though paralyzed from sheer dread."

Volkswagen chief Toni Schmuecker expresses his concern in a vague and rather more relaxed manner: "If the Japanese are coming, we'll have to dress warmly."

By contrast, Bobby Lutz, who heads the European Ford Organization, is already thinking beyond the cold wave. "Everyone must understand that it is a question of survival for the European auto industry," warns Lutz.

Graph 1. On the Way Up



- Key:
1. Japan's Automobile Production and Exports
(1960-1979 in thousands)
 2. Production
 3. Exports
 4. Exports in 1979
 5. To the United States
 6. To Europe
 7. Other destinations

Even Daimler-Benz chief Gerhard Prinz, who scarcely need fear competition from small and midsize Japanese cars, feels compelled to sound a warning. "We must keep an eye on the Japanese," he cautions. And somber visions also plague BMW chief Eberhard von Kuenheim when he thinks about the Far East: "The Federal Republic as a site for industry is in danger. The Japanese advance is threatening our jobs."

The branch has also long been a source of alarm for the politicians, who flinch at mention of the key word "jobs," especially in election years. Federal Economics Minister Otto Graf Lambsdorff, a stubborn champion of free international trade, took advantage of his most recent visit in Tokyo to appeal to the Japanese: They should indeed exercise "prudent self-restraint" with their auto exports.

To be sure, this will be difficult for the Japanese, for they have just become the number one world power in automobile construction, supplanting the United States. By 1974 they had already surpassed the Federal Republic, for years the world's largest exporter. And in the meantime, nearly 1 in every 10 cars registered in the FRG is of Japanese manufacture.

A dreadful vision is what is making auto executives and politicians so uneasy: The Japanese might seek the same success with automobiles that they have had with cameras and watches, with hi-fi equipment and pocket calculators. Portable radio/tape recorders are virtually no longer being made in the Federal Republic; pocket calculators come almost exclusively from the Far East.

The failures of companies in these branches of industry were not so nerve-racking as the idea that one of the major showcase branches, with millions of jobs and doing billions worth of business, could be wiped out within a few years. When the managers of the automobile branch start complaining, government officials in Bonn also finally sit up and take notice.

A week before his trip to Japan, Lambsdorff demonstrated that the situation has already progressed that far. While meeting with Henry Ford II, the German host did not even give the American the chance to complain: The economics minister was so well informed about the growing threat that Henry Ford went away highly satisfied.

Even though German automobile companies are better equipped to do battle with their Far Eastern competitors than was the watch industry, for instance, the Germans are spell-bound by the historical parallels. The triumph of Japanese cars would constitute the logical end of a development that began 15 years ago.

It was then that the first Japanese cars appeared on world markets. The primitive tin boxes were laughingly disparaged by Americans and Europeans.

Only the Japanese are smiling today, for what happened thereafter is almost as fantastic as a tale from the "1001 Nights." Appearing rather modest by contrast are the successes of a Heinrich Nordhoff, who built the Volkswagen Works out of ruins, or a Henry Ford I, who introduced the assembly line.

Even though their competitors numbered among the strongest companies in the world financially, organizations which had a technological lead amounting to decades, year by year the Japanese achieved increasing success. As early as 1967 they were producing more cars than the West Germans.

Approximately 3.8 million vehicles will roll out of FRG factories this year. The 11 Japanese producers will manufacture close to 11 million, while the United States--hitherto the largest producer of automobiles--will remain far below the 10-million mark.

Dozens of empty factory buildings are up for sale in Detroit; more than 300,000 American auto workers are jobless; Chrysler, the country's third-largest automobile company, is teetering on the edge of bankruptcy; and the government in Washington has already had to promise the ailing industry aid amounting to \$1 billion.

By contrast, almost daily the Toyotas and Nissans, the Mazdas and Isuzus are posting new records in production and export.

For instance, Toyota is shipping more automobiles than ever before. The figure for May alone was 163,100 cars--exactly 51 percent more than for the same month last year.

Nissan/Datsun as well, Japan's second-largest manufacturer, can scarcely keep up with demand. Exports are running better than ever (up 41 percent over last year).

The Americans were struck first--and the hardest--by the wave of automobiles from the Far East because they were the most vulnerable.

As oil and gasoline grew scarce and expensive throughout the world, the giant "gas-guzzlers" were still coming out of Detroit. Finally, drivers in the United States as well started switching to fuel-efficient smaller cars--and the Japanese were right there waiting: The 11 Japanese manufacturers plan to put around 2.5 million new passenger vehicles and small trucks on U.S. roads in 1980 (the figure was 2.07 million in 1979).

"They're simply going to gobble us up," predicts Henry Ford II. For decades he headed the second-largest automobile company in the world. Now Toyota is taking Ford's place in the world rankings.

Already, one out of every four cars sold in North America is a Japanese model. And because as early as next year the Japanese have to expect new,

smaller models coming out of Detroit to make it more difficult for them to do business, they are increasing their efforts on other markets.

"The Japanese are programmed to win," warned Ford Executive Lutz as much as 2 years ago--and following the successes in America, it appears as though the full program is really getting started just now.

The new target is Europe. With their small, economical and well-equipped models, the Japanese are finding more and more customers on the old continent. Is Europe now falling to the Japanese as well?

Last year 957,000 Japanese cars (including vans and small trucks) were licensed to operate on Europe's roads; this year that number is scheduled to be 1.2 million. European imports of Japanese automobiles rose by 28.3 percent in 1979.

German car buyers in particular, who for years have been considered the toughest customers in the world, are proving to be increasingly convinced of the quality and price of Japanese cars. While German auto workers are on short hours or looking for new jobs, more and more Japanese cars are turning up on the streets.

Masayuki Kirihara, head of Toyo Kogyo in Germany (manufacturer of the Mazda) confirms that "our parent company can never supply as many cars as we order."

To the astonishment of the Japanese themselves, and contrary to all forecasts by West German automobile manufacturers, the Far Eastern exporters sold 103,000 cars in Germany in the first 5 months of this year, thus doubling their share of the market--to 8.7 percent--compared to the same period last year. VW chief Toni Schmuecker had not expected this kind of success from his competitors "until 3 or 4 years from now."

The newcomers to the German market are able to supply precisely what is presently in demand: relatively small cars with correspondingly favorable fuel consumption ratios. And despite the fact that they are often better equipped, they cost considerably less.

The eight Japanese companies--Toyota, Nissan, Mitsubishi, Daihatsu, Mazda, Honda, Subaru and Suzuki--offer exclusively their lower-priced cars in this country. They sell virtually no more large-volume four-cylinder cars nor luxury automobiles with six or eight cylinders.

If gasoline prices continue to climb as fast as they have been doing, the Japanese may well be able to press the domestic producers even harder.

For rising maintenance costs--perhaps also a speed limit on the autobahns--are continuing to chip away at the once almost doting relationship of the Germans with their automobiles. Then it becomes less and less a matter of

styling and acceleration! The purchase price becomes the deciding factor. And the Germans will not be able to keep pace within the foreseeable future. Perhaps never.

Toyota's Corolla, with a 1.3-liter engine and 60 horsepower, can be had for DM 10,640. The comparable Golf-S [VW Rabbit] (1.3-liter engine, 60 hp) costs DM 11,700. The Ford Capri, with a 2-liter engine, goes for DM 17,700, while the corresponding Toyota Celica Liftback can be purchased for DM 16,250.

And so it goes, all the way to the top of the line: The Porsche 924 costs DM 29,000, while its obvious imitator, the Mazda RX-7 (with Wankel engine) is only DM 22,990.

The price advantages enjoyed by the Japanese are all the more remarkable when one considers that about DM 800 in transport costs as well as the import duty (11 percent in EC countries) are added to the list price. Just how inexpensive Japanese production actually is can be deduced from the prices quoted in their own country.

Mercedes--Tokyo Millionaires' Favorite Car

The Toyota Corolla, which costs DM 10,640 here, can be had in Japan for the equivalent of DM 5,900. The comparable VW Rabbit costs close to DM 18,000 in Tokyo.

Given these price differences, it is no wonder that foreigners in Japan have only meager opportunities as outsiders. Last year the West Germans sold all of 33,200 cars on the Japanese market, a market that absorbs a total of about 3 million cars per year.

Daimler-Benz is still making out the best. The Mercedes 450 SE, which costs far in excess of the equivalent of DM 70,000, is the favorite automobile of those Tokyo millionaires who like to show that they are truly wealthy: On the occasion of receptions at Tokyo's elegant Okura Hotel, more guests drive up in the 8-cylinder from Stuttgart than in the large limousines put out by Toyota and Nissan.

The Japanese almost forget their much-vaunted courtesy when they point out to European auto executives their failings.

Toyota, the leader in the market, demonstrates its own efficiency with solid figures: From the vantage point of statistics, every Toyota worker produces 51.3 cars per year (with 1977 as the base year); by contrast, the number of vehicles amounts to only 12.3 for Volkswagen and a mere 9.6 for General Motors. German automobile companies have conducted their own studies which confirm these horrendous findings.

German producers point out that the Japanese car makers manufacture substantially fewer components than do the Europeans. Yet this objection loses its persuasiveness when the Japanese rake in higher profits than the Europeans for every car sold, despite their lack of depth in production.

Ford planners once did an internal study to verify for themselves the profits of their competitors--and the result did not look good. Nissan/Datsun's small Cherry costs DM 4,806 in Japan, not counting taxes; the researchers calculated DM 1,364 for transport and import duty. This comes to a cost price in Germany of DM 6,170.

Excluding the value-added tax, the price the German buyer has to pay for the Cherry is DM 8,920. This means a gross profit for Nissan of DM 2,750--a super profit. The Ford people did not even take into consideration that a manufacturer's profit already had to be contained in the Japanese selling price which they took as a basis for their calculations.

The proofs of the Japanese art of building automobiles are all the more shocking to Europe's designers since for decades they themselves had shown the Japanese how cars were built. The Japanese came out with their first mass-produced cars in 1912, at a time when gasoline engines were already chugging around everywhere in Europe and the United States.

At that time three Japanese gentlemen--Messrs Den, Aoyama and Takeuchi--hit upon the idea of doing what Daimler and Benz had done: They developed and built a modest series of the first Japanese car, the DAT.

The limousine--largely made by bolting together imported parts--was aimed specifically at Japanese requirements. Because the bridges of the island empire were very narrow and the roads full of potholes, as well as being mountainous, the DAT turned out to be decidedly skinny, high off the ground and sluggish: It could do no more than 40.

This situation continued until the worldwide economic crisis of 1931, which also proved fatal for the DAT company. A new owner turned DAT into Datsun, and the Datsun 91 started coming off the assembly line in 1932. It was a scaled down version of the English Austin Seven built under license.

Moderately Priced, Primitive and Built to Take Punishment

The Datsuns encountered competition in 1935, at which time the extremely wealthy loom manufacturer Kiichiro Toyoda ventured upon Japan's roads with his A-1 limousine. Quite in line with the American fashion of the day, the A-1 was a streamlined car about which technicians said that the undercarriage was taken from General Motors, the engine from Ford and the axles from Chrysler.

By 1941, Toyota had been able to construct 1,400 of its 3.4-liter limousines. Then, like all the other Japanese manufacturers at that time, the automotive pioneer had to change over completely to the production of trucks for the imperial army.

Following the war that had been lost, Japan's auto industry got started again only with difficulty. Construction consisted almost exclusively of building cars under licenses from Renault and Austin, Ford and British Motors. Then, on 25 August 1957, Toyota shipped its first two cars to New York.

"But we still had a lot to learn," reminisces Toyota's Yamamoto about the first exports to the United States. "Our cars were not good enough for the fast highway speeds."

Until 1963, the Japanese auto industry was virtually content with the at times frenetic growth of demand on the domestic market.

During the 1960's, 16 car manufacturers and 21 producers of mopeds and motorcycles took care of the demand for motorization by the then approximately 100 million Japanese.

They offered a variety that was indeed unique: car bodies copied from U.S. models, dozens of three-wheeled automobiles, enclosed motor scooters and mini-sports cars that looked like miniatures of the already tiny English Austins and Triumphs.

The domestic market became too tight beginning in 1965. The Japanese export offensive was launched.

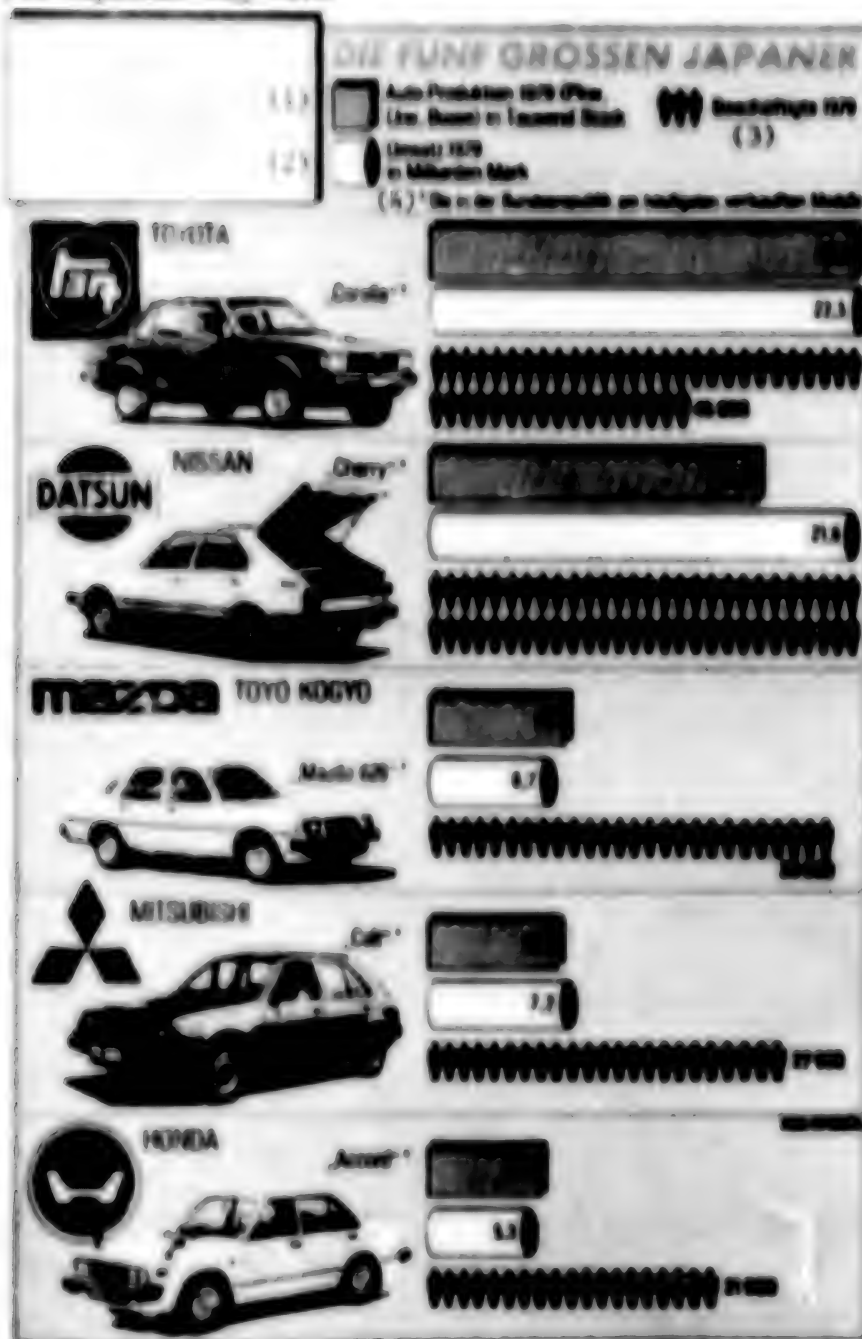
The Japanese first made a name for themselves in Australia and Asia, whereupon they tested the markets in North and Central America and finally appeared in Europe as well by the end of the 1960's.

The Japanese reaped only scorn and ridicule from Europe's auto makers with their first generation of export cars: With their chrome trim, grandiose radiator grilles and baroque fenders, they seemed at best an appropriate offering for odd markets and the United States.

Nevertheless, the cars from Japan exhibited features which must have been noticed even by the West German auto executives who are so alarmed today: They were moderately priced, technically primitive and built to take potholes, heat and ice.

The Japanese cars became favorites with the people in Scandinavia and Africa in particular: They could take punishment, and any village blacksmith could repair them.

Graph 4. The Japanese Big Five



- Key:
1. Automobile Production in 1979 (passenger vehicles, trucks, buses)--in thousands
 2. Sales in 1979--in DM billion
 3. Number of employees in 1979
 4. Sales leaders in the FRG

To be sure, this was not enough to satisfy European drivers, especially the West Germans. Reverses were unavoidable in the late 1960's when Honda brought its small N 360 car to the FRG. The engine was too noisy, it did not hold the road well enough and the seats were too uncomfortable. Honda took its cars and went back home.

The reputation of technical inadequacy has stayed with the Japanese to this day. German auto professionals in particular have repeatedly marked the Far Eastern imports down for rigid rear axles, loud engines, poor brakes and floaty steering.

The criticism is growing fainter and fainter, however. The latest models put out by Toyota and Honda, Mitsubishi, Datsun, Mazda and Daihatsu are technically so advanced that the average German driver finds nothing lacking--unless he's a diesel fan. The Japanese have virtually nothing to offer here.

But with every model the Japanese are becoming more European, not only technically but also stylistically. The new Toyota Corolla or the Datsun Bluebird could just as well bear the trademark of VW or Ford.

Other models like the Mitsubishi Sapporo or the Honda Prelude, for instance, have been successful perhaps for the very reason that they offer a stylistic change from the Rabbit variety without looking like an overdone American crate.

In addition, the Japanese appeal to a clientele which appreciates change anyway--buyers of foreign or even exotic cars. Thus, especially Renault, Peugeot and Fiat are complaining that the headway being made in the FRG by cars from the Far East is predominantly at their expense.

The trend is obvious: This year the only ones to expand their shares of the market were Mercedes and Volkswagen (slightly) and the Japanese (substantially). But the French and Italians saw absolute and relative declines in sales--even though both offer almost exclusively the smaller models that are in such great demand.

To be sure, Japanese success with sales in the first 5 months of 1980 cut heavily into the business of German dealers as well. The market shares of all foreigners together rose from 23.9 percent (with 1979 used as a basis for comparison) to the present 26.3 percent, and in this group of foreigners only the Japanese recorded gains.

Three main factors explain the clear lead by Japanese cars over their West European competition:

The high level of perfection of automation in Japanese automobile plants;

The Japanese auto worker's great willingness to work and fairly low wages;

The Japanese yen's extremely low exchange rate in relation to European currencies.

The Japanese are resolutely pushing automation. Toyota's Kamigo engine plant is producing 9,000 engines a day--all the way to pre-assembly of the cylinder heads--without human hands. A few maintenance people wander around with computer printouts. Only in one corner of the plant, where the final assembly line is located, does one find several dozen flesh-and-blood auto workers on the job.

The scene is similar in Nissan's Zama plant: Visitors from outside wander about aimlessly for a time before they come upon a real person working. Said VW shop steward Karl Heinrich Mihr following a visit to Japan: "That was a real shocker."

The Japanese have still more irons in the fire. Now that they are already building the basic auto bodies and engines almost without human assistance, they are also planning the large-scale replacement of workers in the area where they have hitherto seemed indispensable: in the final assembly stage where the lacquered bodies roll by on long conveyors and are turned into finished vehicles.

At Nissan's Zama factory, robots are already working side by side with people at an experimental assembly line. Automatic systems fill the tanks with gasoline and the radiators with water. Steel arms bolt the doors on and mount wheels. No other company has the completely automatic wheel-mounting system which won an industrial award for its Nissan designers. "We are the most advanced in the area of production," says Nissan manager Etschiro Kozai in praise of the automations. "We know, because our people have been all over the world."

Meanwhile, fully automatic engine-building systems or robot systems which weld entire car bodies together can also be found in Germany--Volkswagen and Daimler-Benz have them, for instance. It is not without good reason that both companies regularly send whole teams of engineers to Japan to exchange ideas.

The Wolfsburg people in particular have switched entirely to automation; until a few months ago their Hannover plant had been experimenting with using teams to build engines. An investment program costing DM 10 billion is to bring all domestic plants up to the latest technological level by 1983. "We have to make sure that we can continue to compete," says VW chief Schmuecker.

If machines were the only factor, Schmuecker and his German colleagues would not be a bad bet. However, the bewildered Germans are faced with a phenomenon that cannot be copied--the Japanese worker.

He works 246 days a year (205 for his German colleague), never goes on strike and is so well educated that in eastern Europe he would never be standing at an assembly line. Permanent positions in the auto industry are so sought after that Nissan, Toyota or Honda can select the best of the high school graduates (12 years of schooling).

Says Nissan manager Eiichiro Kozai, "Our big advantage is the high quality of the workers, which can be explained by their excellent education."

An added advantage for the company: Despite his high quality, the Japanese auto worker is paid rather modest wages.

According to calculations by the VDA, the German auto industry association, a single working hour costs the FRG employer DM 25. In Japan that hour brings the worker DM 15.

Only a scant 40 or 50 percent of all those working at Toyota or Nissan enjoy the advantage of being a Toyota or Nissan employee, a title which brings with it a lifetime guarantee of employment. The others are "temporary employees," who often earn less and can be fired without notice in the event of hard times.

Despite the frequently brutal working methods, relations between labor and management appear to be paradisiacal. There are no open antagonisms, much less any strikes.

According to the Japanese sense of self, the prime dictate is to strive for at least apparent harmony in one's own immediate sphere of life and work. It is always the group that is responsible for the matter at hand--never solely the person in charge.

Consequently, just as the one in charge always seeks to act in line with the group consensus, so do the individual members of the group feel responsible for its success and that of its leader. This system--called Oyabun-Kobun--which is designed to ensure harmony between superiors and underlings, is an age-old tradition that goes all the way back to the samurai, the aristocratic warriors of ancient Japan.

Back on the Job Before Vacation Ends

There is of course virtually no place for trade unions in this system. They exist only as internal company organizations which have no other function than to contribute to the smooth operation of the entire affair.

Officials of the Toyota union recently attempted to explain their difficult task to astonished guests from Wolfsburg. Their complaint, it appears, was that after years of trying, they still had not succeeded in convincing the workers to use all of their annual vacation time.

The Japanese auto worker is reluctant to do this. Even though his vacation numbers only 14 to 20 calendar days, the conscientious employee reappears on the job 3 or 4 days before it is over.

Then he immediately sets to work at a pace that is unheard of for West German conditions. Said VW shop steward Gerhard Mogwitz following a visit to Honda, "Nuts and bolts would be flying if our lines went this fast."

There is also no question that the absentee rate is virtually zero in Japan--German auto manufacturers are always missing between 10 and 15 percent of their people because of illness or a disinclination to go to work. The Japanese worker also has fewer breaks--only one every 4 hours, compared to one every hour for German assembly-line workers.

And the Japanese worker is still on the job even after quitting time! He meets regularly with the other members of his group to discuss possible ways to increase productivity.

Yet not only those in the actual plants work harder than do those in Europe. Subcontractors also have to maintain a hectic pace.

This produces additional decisive cost advantages for Japanese companies, for the big-name auto works perform only final assembly work. Approximately 70 percent of the end product--as much as 80 percent at Honda-- is shipped in the form of finished components as needed.

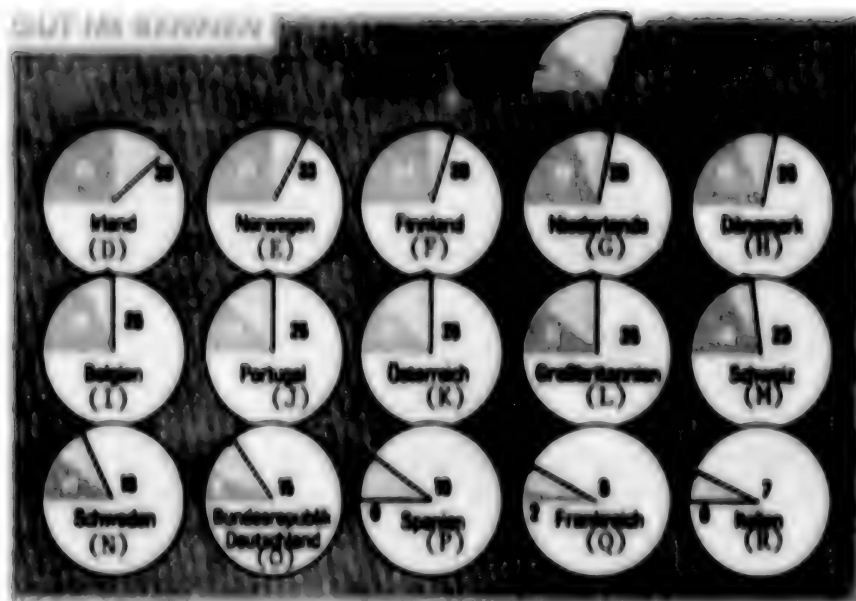
In contrast to the highly modernized and large-scale industrial organization of the final assembly process, the subcontractor industry consists of thousands of small companies, all the way down to laundries and businesses operated from private homes. Between 200 and 300 of these subcontractors work for each auto company. They too always have their closely organized association--like the suppliers for Toyota, for example.

Some of these small businesses still work 10 hours a day, 7 days a week, putting in screws and cutting metal. For the buyers' demands are stiff: that improved efficiency will lead to price reductions.

In light of the smoothly operating Japanese production machinery, European auto executives and politicians are coming up with what are vague formulas at best. Graf Lambsdorff brought home from his latest trip to Japan the realization that German workers would have to go back to working more--he thus brought down on himself an immediate and furious protest from DGB chief Heinz Oskar Vetter.

Says Ford manager Lutz: "Somehow we have to break out of our wage price spiral." Somehow--this goes against union wage demands.

Graph 3. Well-Positioned in the Race



- Key:
- A. Shares of Market in European Countries by Japanese Cars in 1979
 - B. Shares of market in 1985
 - C. Estimate by Ford of Europe
 - D. Ireland
 - E. Norway
 - F. Finland
 - G. The Netherlands
 - H. Denmark
 - I. Belgium
 - J. Portugal
 - K. Austria
 - L. Great Britain
 - M. Switzerland
 - N. Sweden
 - O. Federal Republic of Germany
 - P. Spain
 - Q. France
 - R. Italy

"The Europeans Are No Longer Serious Adversaries"

VW chief executive Schmuecker, who is already spending billions to automate the assembly lines in his plants, has scarcely anything more to offer. "We must protect our product lead."

But there is not much of a lead left to protect. The next big push in auto construction--experts in the Far East and the West agree on this--will come with the use of the electronic jack-of-all-trades, the microchip.

The tiny computers will revolutionize conventional engine construction. Instead of being equipped with expensive electrical systems, the cars will have only a few components--which will do more than previous systems.

The Germans are not the leaders in this future sector either: Says Klaus Luft, deputy board chief of the Nixdorf Computer Co, Inc: "The Japanese have registered 24 major patents with the Federal Patent Office. The German automobile industry, which thinks it's the leader, has all of two patents."

German manufacturers are therefore already buying some parts in Japan. The Porsche 911 uses an exhaust gas suction pump made by Nippondenso (Toyota group), and VW is equipping the cars that it exports to Sweden with Keihin carburetors (Honda).

Mercedes engineers also hope to learn from the Japanese--namely, the trick of building the best possible powered rear axle. "The Japanese have a fantastic solution," says Werner Niefer, head of production for Mercedes. "They know exactly where money is to be made."

Overseas competitors had also shown early interest in Japanese know-how. However, the methods of the Americans have been considerably more offensive to the Japanese than are the harmless insinuation tactics of the Europeans.

In the face of bitter resistance from the Japanese auto industry, Chrysler, General Motors and Ford bought into some Japanese automobile companies during hard times for the latter. General Motors gained 34 percent of Isuzu stock, Ford is a partner with Mazda and Chrysler is associated with Mitsubishi.

The pairing of General Motors with Isuzu is particularly distasteful to the Japanese auto executives, who if they had their way would hermetically seal off their archipelago from foreign competitors. Toyota's Yamamoto clearly expresses his displeasure: "GM sets the tone for Isuzu, you know."

The Japanese now fear that the U.S. interlopers will gain even greater influence, for those who know the industry expect that some of the Japanese car manufacturers will not survive the next crisis--despite all their success with exports.

The only firmly established companies are Toyota (38-percent share of the market) and Nissan (30 percent). The others are all clearly under the 10-percent mark. Even a company as strong in the export market as Honda is not particularly popular at home--Honda serves only about 5.8 percent of all Japanese car buyers.

Unlike the Americans, Volkswagen chief Schumuecker sought to approach the Japanese market by an indirect route. He hoped to ally himself with the South Koreans.

"The Koreans could become respectable competitors," acknowledges Masataka Okuma, vice president of Nissan--"provided they obtain the necessary capital and the technology."

It is precisely this that the Wolfsburg people had planned to procure for them, for Schumuecker's team of investigators found a situation that looked quite encouraging at first.

For instance, Korea already has relatively well-developed industrial structure and even has a national automobile production company (Hyundai). Above all, however, wage costs are far more favorable than in Japan.

Nevertheless, Schumuecker blew the whistle on the project. Korea's military dictatorship seemed to those in Wolfsburg to be too much of a political gamble for an investment of millions.

Other plans by the West Europeans do not appear to alarm Japanese auto manufacturers. A confidential study making the rounds in the Tokyo Ministry of International Trade and Industry flatly states: "At the moment, Japan no longer needs to take the European Community seriously as an adversary if it is forced to compete fairly with Japan in world markets."

But it appears that the Europeans no longer desire fair competition. As Graf Lambadorff intimated to the Japanese, if they do not cut back on their exports to Europe, German automobile executives will also soon be voting openly for trade restrictions.

Strains of protectionism have long been heard in the United States. Douglas Fraser, head of the U.S. United Auto Workers Union, is calling for a trade war against the Japanese because it is not only cars "but also unemployment that they are exporting." He wants import duties raised from 2.9 percent to 20 percent and quotas imposed to instantaneously reduce by half the flow of cars from the Far East.

The Europeans are not crying quite so loudly, but Francois Perrin-Pelletier, head of France's Talbot Auto Works, is demanding that the Europeans make it very clear to the Japanese "that the present situation will not be acceptable much longer."

Peter Weiher, who heads the Ford organization in Germany, has already put it clearly enough. "Where equal opportunities do not exist," warned Weiher, "ways and means must be found to channel trade flows."

Even a cautious man like BMW chief von Kuenheim would apparently like to forswear the so often praised free international trade. He nevertheless recommends German restraint. This member of the East Prussian landed gentry thinks the European Community should be the one to tell the Japanese what is feasible, not the FRG government alone: "We should present a united front here."

If that were the case, then Bonn would have to send the next ship loaded with Hondas and Toyotas right back where it came from.

For the British, French, Italians and Spaniards have long since placed restrictions on the import of Japanese cars.

In England, Japanese imports were frozen in 1978 at the level of the preceding year, and in France--according to a secret agreement between Paris and Tokyo--they may not exceed a 3-percent share of the market. No Japanese cars may be imported in Spain, and Italy is simply permitting no more than 2,200 cars from the Far East to come into the country per year.

Among European countries which have their own auto industries, the Federal Republic is the only one whose market is still open.

"How Do They Do It?"--Japanese Cars Road-Tested by Auto Experts

Is "that which is rolling off assembly lines in Japan these days just as good as, or even better than, the products put out by Audi, Opel or Porsche?"

This question "has of necessity been forced upon" the test drivers for the magazine AUTO, MOTOR UND SPORT since the sudden increases in the number of Japanese cars being registered in the Federal Republic. The answers that are being given in daily newspapers and technical journals by those whose job it is to test automobiles are frequently not exactly complimentary to the German automobile manufacturers.

For example, in a direct comparison of the six-cylinder Datsun Laurel 240 (sticker price: DM 17,145) and the Opel Commodore Berlina (DM 20,260), AUTO, MOTOR UND SPORT experts report: "The average driver will find nothing lacking in the 240 from Tokyo that could make it worth it to him to pay more for the Commodore."

Those who tested the Mazda RX-7 and the Porsche 924 consider the features of the two sports cars so "evenly matched" that "neither one stands out by virtue of exceptional qualities or serious shortcomings."

On the other hand, the price is by no means equal: DM 22,990 for the Mazda, and DM 28,980 for the Porsche.

Just a few years ago the FRG automobile-testing experts would not even have seriously posed the question of whether the better cars were being built in Tokyo and Hiroshima or in Cologne and Wolfsburg. For they could still confidently state that "a Toyota or a Datsun wobbles around on the road like an American used car" (AUTO, MOTOR UND SPORT) and that its styling was marred by American-inspired "Japanese baroque" (SÜDDEUTSCHE ZEITUNG).

Meanwhile, however, the automobile experts are attesting to the fact that the Japanese have caught up technically with their once far-superior European competitors and have adapted themselves to the European styling with clear, clean lines.

Thus, the FAZ [FRANKFURTER ALLGEMEINE ZEITUNG] finds it "easy to diagnose" why, for example, the small Mazda 323 and its somewhat bigger brother, the 626, are selling so well in the Federal Republic: "They are sturdy cars that require little repair work, their exteriors have been quite cleverly adapted to suit European taste and they are being offered at reasonable prices."

A further FAZ assessment of the Mazdas may well apply to nearly all Japanese cars: "They are cars for people who want to invest their money wisely but otherwise have no great ambitions when it comes to an automobile--in other words, your normal average citizens who care very little whether their vehicle comes from Cologne, Ruesselsheim or Japan as long as they have no trouble with it."

The auto censors praise the cleaner lines of nearly all the new Japanese models. The FRANKFURTER RUNDSCHAU calls the Rabbit's competitor, the Datsun Cherry, a "compact car that is almost Italian in its elegance."

The Swiss AUTOMOBIL REVUE notes that the latest edition of the Toyota Corolla also has "an attractive exterior," and the SÜDDEUTSCHE ZEITUNG praises the "cleanly styled new garb" of this car, which has been the greatest international success for the Japanese.

The FAZ critic is particularly impressed with the "nothing short of outstanding window treatment" in the Corolla, while "earlier the narrow panes in Japanese cars" seemed "primarily designed for slanted Asiatic eyes."

The Japanese are repeatedly given the highest marks for their extensive line of standard equipment. "We have to acknowledge ungrudgingly," raves AUTO, MOTOR UND SPORT, that "it is certainly brilliant how the Japanese manage to provide at acceptable prices standard equipment that is enough to bring tears to the eyes of their German competitors."

In the case of the mid-size Honda Accord, for instance, this group of standard features is so luxurious that by contrast its almost equally priced competitor, the Audi 80, "looks more like the sitting room of a family that is indeed tidy, but poor" (AUTO, MOTOR UND SPORT).

"Out in front by a mile," says the FRANKFURTER RUNDSCHAU of Nissan and its Datsun Cherry features. "There is virtually nothing that this car does not have as standard equipment," marvels the FR.

Also universally praised is the workmanship of the Japanese. "Whether under the hood, in the interior or the trunk," reports the FAZ on the mid-size Mitsubishi Lancer GSR, "everywhere one finds the traces of an almost missionary zeal as regards quality, of which even Daimler workers could be proud."

The examiner can find "neither pinched rubber gaskets nor the remains of adhesive, crooked upholstery seams nor rough welding seams, poorly aligned plastic parts nor any sign whatsoever of slap-dash finishing work." Remarks the puzzled FAZ expert: "Anyone who is familiar with European conditions and costs can only shake his head in disbelief and say: How do they do it?"

Those who do the testing also list reliability as one of the strengths of the Japanese cars. "These cars," reported STERN following a 50,000-km test on the mid-size Toyota Celica, "are hardly ever in the shop--except for routine inspections."

Only in the area of technical refinement do the Europeans frequently still maintain their top position. For example, FAZ says of the Mazda 929: "From the standpoint of automotive technology, it has some distance to go."

"The Bluebird design falls short of current technical possibilities," criticizes the SUEDEUTSCHE ZEITUNG when discussing this mid-size model put out by Nissan. And the FR recommends the Datsun Cherry only for "drivers with a limited interest in subtle technology."

The professional testers find fault mainly with the chassis, brakes and steering. AUTO, MOTOR UND SPORT makes this generalization in a critique of the Honda Accord chassis: "As soon as you have to go over bumpy roads, you quickly realize that German auto makers take more pains with adjusting the chassis than do the Japanese."

The magazine finds fault with the Bluebird for "floaty and imprecise steering." The FAZ is displeased about the Mazda 929's "wobbliness."

In the opinion of AUTO, MOTOR UND SPORT, it is chiefly the brake performance of the Honda Accord which confirms "that road safety in every situation is not the strong point of Japanese cars."

"Even if one has unusually powerful calf muscles," says the magazine, "the deceleration that is possible is reduced to levels that might also be expected from a German Federal Railways freight train."

Lambadorff Interviewed

Hamburg DER SPIEGEL in German 21 Jul 80 pp 62-63

[SPIEGEL interview with Minister of Economics Otto Graf Lambadorff; date and place of interview not indicated]

[Text] [Question] You brought back with you from Tokyo an answer to the Japanese challenge: Work more, take less sick leave, increase productivity. Do you intend to accustom the assembly-line workers in Wolfsburg and Reuselsheim to the long workdays of German ministers?

[Answer] No, indeed. It doesn't have to be that way. I said that our chief competitor on the international markets works more, works more productively, offers lower prices and is better able to compete. Those who participate in our economic life--and I mean primarily businesses and unions--must come up with some responses.

[Question] A car like the Rabbit could be produced by the Japanese for about DM 5,000. It costs VW at least twice that. What do you think is the way to make up this lead?

[Answer] The differences in price aren't quite that large, but they are substantial. The difference can be made up only through automation, rationalization, innovation, particular attractiveness and reliability, and perhaps also--but this is a question the companies must decide--by dispensing with the very high standards of German automobiles. The companies themselves do not believe they can do it by increasing performance in the workplace.

[Question] Then what are FRG companies doing wrong?

[Answer] For years there have been things going on in the automobile industry that ought to have given us pause. A limit has probably been reached for the cheerful pricing policy of first negotiating a company wage scale with the Metalworkers Union, then tacking the result onto prices and asking the consumer to pay them.

[Question] Then you mean that the Japanese are welcome?

[Answer] A certain share of the market for the Japanese is definitely desirable because competition like that serves the consumer, and he is the reason for the existence of the market economy.

[Question] Don't you fear for the millions of jobs in the auto and sub-contractor industries?

[Answer] Earnings for the automobile industry have been good in recent years, and the industry is in a position to mount a counteroffensive--if that should become necessary.

[Question] So the German borders will remain open to Japanese cars?

[Answer] Administrative measures can do nothing for a country which exports as much as 26 percent of its gross national product. We live by our exports, and if we were to obstruct imports artificially, the retaliatory measures taken against us by other countries would on the whole be much more serious than the potential problems of one--albeit extremely important--branch might be.

[Question] It doesn't impress you that the auto industry has to deal with competitors who produce at wage costs very like those of developing countries?

[Answer] Considering cost and labor conditions no one has any illusions about the inordinate difficulty of competing with the Japanese. But of course it is also an exaggeration to say that the Japanese have been producing on the same basis as a developing country. Cash wage costs correspond approximately to those earned here in the Federal Republic.

[Question] But social services benefits, which also count as costs, are far below the level that has long been the standard here.

[Answer] Supplementary wage costs are indeed a decisive point. Also decisive, however, is the better result achieved by the Japanese worker per man and per hour.

[Question] The French and Italians have checked the Japanese offensive by curbing imports from the Far East; the British forced a voluntary restriction agreement with the Japanese in 1978. This has to be causing them to make an even bigger push in the Federal Republic.

[Answer] And what have our European neighbors gained by these measures? Fiat is faced with mass layoffs, British Leyland is broke and the French manufacturers are also having problems. This means that the restrictions on access to their markets haven't helped them. They're a striking example of the witlessness of such moves.

[Question] You nevertheless explored with the Japanese their willingness to use self-restraint.

[Answer] I pointed out emphatically to the Japanese that prudent self-restraint is also in their own interest. Otherwise the political pressure

could become so strong that in the end, protectionist countermeasures in Europe would indeed be unavoidable.

[Question] What was their answer?

[Answer] The response was positive.

[Question] So your aim is to obtain an agreement on self-imposed restrictions?

[Answer] No. It has to be totally voluntary. The Japanese have only to perceive and understand that they cannot dump on the German market everything that can no longer be exported to America.

[Question] By the end of the year the Japanese will have gained a 10-percent share of the market in the Federal Republic. Is there a point at which you would have to abandon your liberal position?

[Answer] If there were such a point, I wouldn't say what it was because that would take away the government's freedom of action.

[Question] But aren't you holding the cudgel of import restrictions in readiness in order to encourage Japanese exporters to see the light?

[Answer] Theoretically there is always such an arsenal. We also know from other experiences that we in the European Community can come under strong pressure and ultimately be forced to agree to import restrictions. I of course made my Japanese colleagues aware of the possibility of such a development.

[Question] The yen is sharply undervalued in comparison with the mark. The Japanese are being accused of encouraging this exchange rate trend in order to improve their export chances.

[Answer] Japanese politicians clearly stated that they are striving for a higher evaluation of the yen. Considering the extremely large proportion of raw materials and energy in their total imports, this is certainly understandable and sensible, for the rising cost of imports caused by the present valuation of the yen is contributing substantially to Japanese inflation. If advantages and disadvantages are balanced out, the result is more likely to be a negative one for the Japanese right now.

7458

CSO: 8120/1635

SWISS, AUSTRIAN, FRG FINANCE MINISTERS ON ECONOMIC PROBLEMS

Zurich NEUE ZUERCHER ZEITUNG in German 7/8 Sep 80 p 17

[Report by U. M.: "Meeting of FRG, Austrian and Swiss Finance Ministers"]

[Text] Bern, 5 September--Economic developments in the most important industrialized countries of the Western World following the rise in oil prices dominated the informal exchange of views of the finance ministers of the Federal Republic of Germany, Austria and Switzerland. With the tripartite meeting, which this time took place in Bern Thursday and Friday (4 and 5 September), FRG Economics Minister Hans Matthoefer, Austrian Vice Chancellor Hannes Androsch and Member of the Executive Federal Council Willi Ritschard continued a 7-year-old tradition. The ministers were accompanied by their immediate staff. In addition, Chairman of the Board of the National Bank Fritz Leutwiler was present for a time.

Improvement of Competitiveness

The finance ministers display confidence regarding the further economic development of their countries. As Member of the Executive Federal Council Ritschard stated at a press conference at the end of the meeting, Europe has become less subject to crises, and Vice Chancellor Androsch added that a leveling off of growth but not an extensive recession were expected. In their joint communique the three finance ministers also note that the competitiveness of industry in the three adjoining countries has clearly improved in the past few years and that currency conditions have stabilized. The world market for crude oil is considered to be comparatively relaxed, with no new jumps in prices or bottlenecks in supply expected in the near future.

Switzerland Has Biggest State Indebtedness

The communique stresses the priority of the fight against inflation, stating that above all a restrictive monetary and budget policy is to be continued in order to create the prerequisites for a balanced investment-supported growth of production and employment. A basic role had to be played in this phase of development by investments, particularly with a view to eliminating

unemployment. In light of the current estimate of economic trends, the growth of state indebtedness should be retarded at the same time. In this connection Member of the Executive Federal Council Ritschard noted that while per capita state indebtedness is Sfr 10,500 in Switzerland, it is only Sfr 7,000 in the Federal Republic of Germany and Sfr 4,650 in Austria. Our neighboring states clearly were amazed at Switzerland occupying the leading position in this comparison. In any case, Minister Matthoefer said that no one would believe him if he noted it in the election campaign.

The talk of the finance ministers also dealt with the three countries' successful cooperation in currency policy and interventions on the foreign currency market, with the international balance-of-payments situation and with the effects of the world economical reduction in the price increases of oil on the developing countries. The ministers expressed satisfaction at the international assistance actions in support of Turkey and voiced the hope for the start of a lasting Turkish economic stabilization on that basis. Measures for financial assistance for Poland were also discussed, but, unlike its two neighboring states, Switzerland is not involved in it as yet.

Matthoefer's Misgivings About Heavy-Transport Tax

Member of the Executive Federal Council Ritschard also took advantage of the meeting to create understanding, particularly on part of his German counterpart, for the heavy-transport tax which has been proposed to parliament. At the joint press conference of the three finance ministers, Minister Matthoefer, however, again expressed regret that this would create conditions which would not favor a uniform solution of this problem for the whole of Europe. On the other hand, he was unable to suggest a relevant European alternative. Vice Chancellor Androsch, for his part, can see the worth of the Swiss plan and stated that Austria was not in a position either to allow gratis use of its expensive traffic arteries.

As chairman of the press conference, Member of the Executive Federal Council Ritschard noted right at the start that it would not be possible to deal with, or give answers regarding, domestic political problems of his counterparts. Austrian Vice Chancellor Androsch, under heavy fire in his country, took the opportunity, however, also to distinguish himself before this body as an expert in economic and fiscal questions. His appearance, however, clearly shows that the current confrontations in the Austrian Socialist Party have left their mark on him.

8790

CSO: 3103

UPSWING OF BENELUX CURRENCY WITHIN EMS ANALYZED

Zurich NEUE ZUERCHER ZEITUNG in German 16 Aug 80 p 11

[Article by par: "Benelux Currencies EMS Leader"]

[Text] Brussels, 14 August--Since March of this year, the European Monetary System (EMS) has presented an unusual sight. The German mark, which since 1972 had been the leader of all more or less extensive (exchange rate systems, has been the EMS tailight for months. Less spectacular, but not less permanent, is the simultaneous upswing of the two faithful "sidecars" of the German currency during former "snake periods": the Dutch guilder and, above all, the Belgian-Luxembourg franc. As long as the German mark was sunning itself in the arrival of foreign monies and hurrying from one revaluation to the next, the Benelux currencies--which always tried to keep up with their German neighbor--were frequently in danger of losing their breath. Now, since the German mark is forced to slow down because of the surprising FRG balance-of-payments deficit and the growing attractiveness of the dollar once again, the smaller neighbors are able to breathe a visible sigh of relief.

Costly Discipleship

The exchange rate between the two Benelux countries has remained unchanged since 15 March 1976, but being loyal followers of the German mark has been costly for them in the past. They lost some of their foreign currency reserves and, often unintentionally, suffered frequent domestic economic downturns. Even in view of the continuing tendency of a weak German mark, central banks in Amsterdam and Brussels are quite hesitant when it comes to relaxing the reins on interest rates, which had risen substantially along with big price increases in America. Even after lowering the discount rate at the end of June and the end of July by half a percentage point each time to its current rate of 9 percent in the Netherlands, and by lowering it 1 percentage point each time to its current rate of 12 percent in Belgium, the difference in the interest rate when compared to the FRG (discount rate of 7.5 percent)--at approximately the same rate of inflation--is still around 2 percent. When computing the real net interest which the investor receives in Belgium, one must always consider the 20-percent capital gains tax on all original investments.

Success of Dutch Monetary Policy

In view of the fact that the Dutch guilder is enjoying a fairly good reputation as a "strong currency" anyway, not least on account of the Groningen natural gas reserves, it is beginning to profit considerably from this interest margin. The strong demand on the capital market on the part of the state and the commercial banks is being met more and more by increasing proportions of funds supplied by foreigners willing to invest. It has taken on such significance that the most recent government loan was given the nickname of "desert loan" because of the origin of this foreign inquiry. The Nederlandsche Bank feels that this development is a pleasant confirmation of the monetary and credit policies it has been following for years. Bank President Jelle Zijlstra, who by now has been at the helm for 13 years and whose popularity and authority on economic and financial questions almost overshadows the government in the Hague, established bastions for the defense of the guilder early. When a dramatic drop occurred in the surplus of the Dutch balance of trade--in 1977 it was down to 1 billion Dutch guilder compared to 6.3 billion the preceding year--he introduced direct credit restrictions that forced commercial banks to finance all credit expansions on the capital market which exceeded the growth of the gross national product. The rise in interest rates that was a natural consequence made Dutch loans more attractive to the foreign public and, thus, was instrumental in improving the Dutch balance of payments. In 1978 the balance of trade showed a deficit for the first time since 1971; it had reached the amount of 2.7 billion Dutch guilder on a cash basis. In 1979 the deficit increased to 4.8 billion, and during the first quarter of the current year a deficit of 2.4 billion Dutch guilder has already been recorded. For several months, however, exports have been rising considerably and a change for the better is expected.

In view of the growing deficit, the note-issuing bank decided in the middle of last year to relax the restrictions on foreign debts of the bank apparatus step by step and to remove them entirely on 28 January of this year. When this restriction was introduced in 1964, banks were prohibited from exceeding their foreign assets by more than 5 million Dutch guilder in foreign debts; the Nederlandsche Bank was trying to fully offset the balance of trade deficit at that time by reducing the official foreign currency reserves. According to the Bretton Woods System, there was no noticeable pressure on the exchange rate of the guilder. Today's EMS, however, is different, and arguments are circulating in Amsterdam that it would be advisable to finance deficits "less conspicuously" by the banks and through the capital market, since noticeable foreign exchange losses could set in motion speculations about a devaluation which would be difficult to stop. The advantage of a stable guilder is more highly regarded in Amsterdam than all the disadvantageous effects that could result for the domestic economy from a high level of interest rates.

Worse Starting Position in Belgium

The Belgian currency watchers are pursuing the same goals as their northern neighbors. With regard to the reputation of their currency and help from politicians, however, their starting position is definitely worse. Warning appeals to the government to reduce the budget deficits and promote the ability of Belgian enterprises to compete have been going almost unnoticed or, at the most, have been producing only lip service from a quick succession of ministers of finance. In spite of it, so far the National Bank has succeeded in maintaining a stable exchange rate for the franc and keeping the rate of inflation down to approximately the same rate as exists in Germany. Foreign currency reserves were depleted significantly due to regularly recurring interventions in support of the franc. Nevertheless, after a slight revision in the exchange rate as against the German mark, which was accompanied by a similar adjustment for the gulden, corresponding purchases could be made to replenish the reserves. At the end of 1978, there was a decisive change in the ping-pong game: The Brussels government began to cover its steadily growing budget deficit through foreign credits, which in the meantime have reached approximately 140 billion francs. Among the debtors are a few state institutions.

The note-issuing bank, which accepts the dollars, German marks or Swiss francs that have been borrowed abroad right away to change them into local currency, is looking at this state inflation machinery with a strange calmness. Since April, its net foreign exchange cushion has more than doubled, from 51 billion to 120 billion Belgian francs, and according to the balance sheet, its ECU [European Counting Unit] holdings increased by 22 billion Belgian francs to 119 billion francs. In contrast to earlier times, however, this recovery is not due to foreign exchange purchases on the open market but almost exclusively to the establishment of credit by the state. On a short-term basis, the deficit in the trade balance can be covered more easily this way--it started with 2 billion Belgian francs in 1976 and rose to 111 billion Belgian francs in 1979--and the stability of the franc can be promoted.

It nevertheless appears that thoughts about the long-term aspects of this "artificial" stability are being pushed aside in Brussels. As long as the German mark is weak, the surprising strength of the franc is reassuring. Several times during the last few weeks, the exchange rate almost touched its ECU middle price. Since the establishment of the EMS in March 1979, it had hovered almost continuously at the lower "alarm threshold" of 75 percent against the ECU. Independent of the development of the German mark, the National Bank is hoping that an economic slowdown will lead to a stabilization or even decrease of the balance-of-payments deficit because of reduced raw material imports. It is hoping that the outflow of foreign exchange for interest payments on foreign debts owed by the government can be compensated with the rising revenues

revenues from the foreign exchange that has been re-invested abroad. Any interest income by the bank that exceeds 3 percent goes directly to the treasury; last year it amounted to 12.2 billion Belgian francs. Officials in Brussels are quite calm with regard to the reputation of the Belgian currency, which could be damaged because of the growing foreign debt: Because of its small size, the Belgian currency does not depend on its reputation abroad but rather on the opinion of its citizens. They, in turn, would be in favor of foreign credit for the state, because, after all, it would relieve the domestic capital market.

Nevertheless, if the rush of speculation on the franc should be resumed, the National Bank believes that it is prepared to meet it "for approximately 5 years" with its reserves in gold and foreign exchange. Its gold reserves are 1,329 million kilograms. On the balance sheet they are substantially undervalued at 54,753 Belgian francs per kilogram. Already in the spring of this year, Jacques van Ypperselu, currency expert and cabinet chief in the prime ministry, underlined that at the actual price, Belgium's gold holdings amount to approximately 800 billion Belgian francs. The National Bank is firmly resolved to use these reserves to the last kilo to prevent a devaluation of the franc a move which is rejected on principle because of the damaging effect on raw material prices and the rate of inflation. In view of the persistent weakness of the German mark, the Belgian currency watchers, however--although for the time being they are only jesting--are beginning to ask themselves whether they should give up their firm principle and go along with a possible devaluation of the German currency.

8991

CSO: 3103

EEC REPORTEDLY DEVELOPING INITIATIVE ON CYPRUS

Athens TO VIMA in Greek 17 Aug 80 p 6

[Text] Bonn, 16 August--By our correspondent--An EEC initiative on Cyprus, the purpose being to secure a realistic solution to the problem, is being hatched at EEC headquarters, as TO VIMA was informed today from Brussels and Luxembourg by an excellent source.

More specifically, after the common European policy of the nine on the Middle East, authorities from the Common Market countries judge that the moment has come, in view of Greece's entry into the community, to crystallize their own plan for a solution to the Cyprus problem.

The first positive step in investigating how much an interventionist effort of the EEC will do if declared in the immediate future--before the new UN session in mid-September--is the visit to Nicosia by the Luxembourg minister of foreign affairs, Gaston Thorn, who, as has been announced, has already arrived in the Cypriot capital for talks with the Cypriot Government next week.

Thorn's trip to Nicosia has special significance since, as is known, beginning on 1 January 1981 he will undertake for five years the office of president of the EEC standing Executive Committee.

The trip last February by the president of the Cypriot Republic, Spyros Kyprianou, to Paris, London, Rome and the Vatican was an opening of Nicosia to the EEC which was analogously evaluated by responsible factors of the community in Brussels. Already, after the first demonstration of a common European policy of the nine on the Middle East and Thorn's mission to Jerusalem and the principal Arab countries, his trip to Cyprus--according to the same community sources from Brussels and Luxembourg--pre-ages a beginning for a consistent common EEC Cypriot policy.

Relative to this, four facts must be stressed which shed light on the contents of the talks which the future president of the EEC standing Executive Committee will have in Nicosia:

First, that he himself in the past has unofficially let it be understood that he would be disposed, if interested parties asked it of him, to undertake an interventionist role in the Cyprus problem. Second, that Cyprus is a country associated with the EEC. Third, that the nine Common Market countries, during last year's discussion on the Cyprus problem in the UN, voted against the plan of the non-aligned which in the end was adopted with a majority vote of two-thirds of the UN General Assembly. It was characteristic that in 1979, for the first time, both France and Ireland, which in previous years had abstained from voting, followed the line of the other seven. Fourth, that Gaston Thorn has maintained personal friendly relations for many years with President of the Greek Republic Karamanlis and problems concerning Greek territory particularly occupy him.

9247

CSO: 4908

NATIONAL DEBT IS STEADILY RISING

Zurich NEUE ZUERCHER ZEITUNG in German 13 Aug 80 p 12

[Article by gr: "Austria's Slowly Growing National Debt"]

[Text] Vienna, 11 Aug--The financial debt of the Republic of Austria has once again, according to the 1979 financial indebtedness report just made public by the Postal Savings Bank, increased somewhat more than was actually foreseen by the federal budget. Nevertheless, the rate of new indebtedness once again slowed down, although less sharply than would have been desirable according to general economic requirements. The grain on the federal budget through the burden of debt -- it is measured by the relation of debt burden to net income from taxes and levies -- is growing and assuming oppressive forms.

Shift to Domestic Market

Last year the federal financial indebtedness increased by a total of 31.7 billion schillings, or not quite 16 percent, to nearly 231 billion schillings; in 1978 the new debt had risen by 34.6 billion, and the rate of growth for the national debt amounted to 21 percent. Favorable circumstances, such as comparatively high liquidity as a result of the excessively large import of capital during 1978 and a lively demand for bonds, enabled fiscal authorities to shift the main burden of financing the budget deficit (50.5 billion schillings) from the foreign market back to the domestic market. The new indebtedness in national currency grew therefore by almost 10 billion schillings to somewhat over 28 billion schillings. A net of only 3.6 billion schillings was borrowed abroad as compared to 12.5 billion schillings the year before, whereby the proportion of debt in foreign currencies fell to less than 28 percent by the end of 1979. At the end of 1978 it had been over 30 percent.

To be sure, the nation's exchange rate profits, which cost Austria's creditors 2.3 billion schillings, also contributed to the reduction of new debt. This profit was a result of exchange losses amounting to almost 7 percent for the dollar, 5 percent for the Swiss franc, nearly 2 percent for the DM and almost 18 percent for the yen. For the first time last

ear Austria borrowed over 18 billion yen; further, due to the differences in interest rates another 600 million dollars were converted to DM and franc liabilities. Of the total national foreign currency debt -- 63.7 billion schillings -- at the end of 1979, not quite half was in DM, 35 percent in Swiss francs and only 5 percent in U.S. dollars. That is less than the share of the gulden liabilities (7 percent). The so-called hard currency policy, which to some extent is inconsistent with the state of the country's balance of payments, is also largely nothing but "debt management." By the end of June the nation's financial debts, again with emphasis on foreign currency, had already climbed to 249 billion schillings, and by the end of the year an expansion to 261 billion schillings may be expected, assuming that the budget can be adhered to.

Significant Interest Burden

In 1979 the state already had to spend somewhat more than 11 percent (previous year: 10.6 percent) on interest and more than 25 percent (24 percent) of the net revenue from taxes and levies on interest and amortization. In the current year the so-called interest taxation ratio will increase to over 12 percent and the debt taxation ratio to 26 percent. A projection by the Economic Advisory Council of management and labor for the next few years allows one to conclude that in 1982 approximately over 30 percent of the net income from taxes and levies will have to be spent to service the debt.

In international comparison, the national debt report of the Postal Bank views the nation as being only in a middle range of comparable countries on the basis of national debt per capita of the population. According to the report, the per capita indebtedness of the central state at the end of 1979 amounted to 30,800 schillings in Austria, 23,800 schillings in the FRG and 20,200 schillings in Switzerland. In a comparison of total per capita public indebtedness, which only goes to 1978, however, the figures were 43,000 schillings for the FRG, 82,500 schillings for Switzerland and only 37,900 for Austria.

Nevertheless, in both cases the rate of indebtedness in Austria has far exceeded that of the FRG and certainly that of Switzerland, because the federal debt, recalculated for the population figure and with 1974 as the basis, at the end of 1979 had increased by 275 percent in Austria, by 183 percent in the FRG and by only 67 percent in Switzerland. For total public debt the resulting figures, with the same method, show a 161 percent increase for Austria, 107 percent for the FRG and 30 percent for Switzerland up to the end of 1978. It is thoroughly clear to all who understand -- including the finance minister -- that it cannot continue like this, but the means for breaking out of the vicious circle of this Keynesian deficit spending has not yet been found.

REPORT ON 1980 NATIONAL DEBT PUBLISHED

Vienna INTERNATIONALE WIRTSCHAFT in German 22 Aug 80 pp 1,2

[Article: "A Mountain or a Molehill of Debts?"]

[Text] Recently the Austrian Postal Savings Bank presented its so-called "Financial Debt Report" for 1980. This is a study on the situation and development trends in the money and capital markets as well as recommendations based on this study concerning the absorption and conversion of state financial debts. It was written by the State Debt Committee with the cooperation of the Board of Directors of the Austrian Postal Savings Bank and submitted on the basis of the resolution of the Administrative Council, dated 30 June 1980, to the Federal Minister for Finance. The study also contains a look at the Austrian national debt when compared on an international basis, thus providing some very interesting insights even though there are a number of reservations with respect to the actual comparability of Austria with other countries such as the FRG.

As a result of the downward business trends since the middle of the 1970's, the continued insecure development of demand in industrial countries and the constant high inflation rate in a few countries, the national debt has increased considerably since 1973.

Efforts in economic policy for, on the one hand, a fiscal policy which would compensate for the continued weak private demand and, on the other hand, the reduced possibilities for a flexible expenditure and income policy by the government in most countries, enabled only a few countries to reduce deficits to the pre-1974 level. With the exception of the Swiss national debt, government deficits and per capita national debt increased constantly since 1973 among the countries compared in this study. Austria, even more than the FRG and Sweden, had the greatest relative growth in this debt in the period from 1970 to 1978.

In absolute figures, the per capita national debt in Austria was around 27,000 schillings in 1978 -- placing it in a middle range of the six countries that were compared (FRG, Great Britain, Sweden, Switzerland, United States and Austria). The figures for Sweden, the United States and Great Britain were considerably higher, with each exceeding 40,000 schillings. In the same comparative period there were considerable differences in the country standings for per capita government deficits only in the case of Sweden, which in 1976 had the third highest rate and in 1978 had the highest rate, and in the case of Switzerland, which reduced its rate from the medium range in 1973 to the lowest one in 1978. In 1979, for which no data are available for most countries, the per capita government deficit in Austria was just under 31,000 schillings.

As a result of the different areas of responsibility in the individual countries, there results a differing relevance of the central government, which becomes clear when one compares the central government deficit and the debts of regional governments and institutions on a per capita basis. The federalist structure of Switzerland and the importance of the central government in Austria result in the greatest differences.

But comparing the size of the debt in the individual countries is also problematic because of a number of other factors: Viewed historically, only the FRG and Austria have no (or hardly any) pre-war debts that had to be repaid; Sweden and Switzerland, because of their neutrality, did not have such massive deficits in their budgets for 1938 to 1945 as did Great Britain or the United States.

Another Austrian particularity is that the government budget includes government companies running deficits which in turn affect the federal budget.

Lowest Debt

The total per capita national debt was around 39,000 schillings for Austria in 1978 -- making it the lowest among those countries that were compared. By far, Switzerland had the highest per capita rate, at over 80,000 schillings; in Sweden and the United States it was slightly more than 60,000 schillings; and in Great Britain it was just under 50,000 schillings. In the FRG, the per capita debt was 43,000 schillings. In contrast to the per capita debt of the central government, there were no considerable differences in the overall per capita deficit spending of the individual countries.

Percentage Changes

The greatest relative annual increases in the public debt occurred in 1975 for Austria, at 63.5 percent (government) and 44.2 percent (national debt) and for the FRG at 50.5 percent and 39.4 percent, respectively, though they were due mainly to the low debt base in both countries.

The time differences in international developments in public debt since the beginning of the 1970's are to be viewed in the light of different national economic developments and economic policies. The sharpest economic declines as well as the clearest increase in gross deficits and public debt did not occur for all the countries simultaneously in 1975.

In Great Britain this downward trend had already begun in 1974, with a decrease in the real GNP, and continued in 1975, whereas Switzerland suffered decreases in growth in 1975 and 1976. Sweden experienced real economic growth until 1976 but suffered a decrease in 1977, and compensational state demand was greatest only in 1978.

Public debt, measured on the basis of GNP, developed just as nonuniformly. A few countries such as Great Britain, Sweden, Switzerland and the United States have succeeded in reducing their debt rates on a short-term basis since 1974/75, but none of the compared countries has achieved a long-term reduction.

Government Deficits as a Percentage of GNP

The proportion of government deficits to GNP in Austria was at 23.6 percent in 1978, just as was the per capita deficit rate, placing it in the middle ground of the countries compared. Switzerland (around 11 percent) and the FRG (around 14 percent) had lower proportions; Great Britain (52 percent), the United States (around 37 percent) and Sweden (around 33 percent) had higher rates. In 1979 the proportion of government deficits to GNP in Austria was 25.2 percent of the GNP.

Public Debt as a Percentage of GNP

The proportion of the national debt to the GNP in 1978 was around 34 percent in Austria, in contrast to the per capita national debt of around 28 percent in the FRG because of the higher GNP-to-per-capita rate. The other countries achieved percentages of over 40 percent (Sweden and Switzerland), around 51 percent (United States) and almost 62 percent (Great Britain). When comparing the per capita rates with the proportions to the GNP, it is striking that the differences in value added (in relation to the population) are reflected especially in Great Britain, Sweden and Switzerland in clear changes in the relationships of the index figures for public debt.

Distribution to Regional Governments and Institutions

The problem of comparing per capita rates and percentages to GNP in evaluating the public debt and fiscal policies can be illustrated by using a comparison of the debt structure in Austria, the FRG and Switzerland.

In Austria, the federal government has the largest public budget containing most of the economic policy factors, and the provinces and communities have little economic policy leeway, whereas the more federalist economic structures of Switzerland and the FRG lead to a distribution of the public debt to the regional governments and institutions.

At the end of 1978, the proportion of the government deficit to the entire national debt was about 70 percent for Austria, just below 50 percent in the FRG and only about 25 percent in Switzerland. It is chiefly the *Laender* (in Switzerland, the community governments as well) which contribute to a larger degree to the total national debt than is true in the case of Austria.

Pre-War Debts

Contrary to Austria and the FRG, Switzerland came out of the war in 1945 with debts, and Swiss budgets continued deficit financing until well into the 1960's. The inclusion of companies in the federal budget, however, is an Austrian particularity. In the FRG and in Switzerland, operations such as the railways are not included in the federal budget.

The deficit of the federal companies was a total of about 53 billion schillings in Austria between 1973 and 1978. The payments -- which are equivalent to a subsidy -- to the federal companies from the federal budget, constituting almost 40 billion schillings in that period of time, are given just as little consideration here as the interest rate payments for monetary debts, because one can assume that public companies such as the post office and the railroad are also supported to a considerable extent in other countries. Prior to 1973, the deficit of federal companies was regularly above the net deficit of the federal budget, so that the monetary debt of the government, when compared with other countries, would be close to zero.

Central Government Incurring Greater Debts

In all three countries, a massive structural shift in the direction of a greater proportion of central government budget deficits could be observed since 1974 as a common characteristic. Both in Austria as well as in the FRG and in Switzerland, the central government has since 1974 assumed the function of compensating for the decrease in demand, whereas the communities were virtually incapable of orienting their budgeting policies to the economic situation.

In Austria, the share of community governments in the national debt has fallen continuously from around 35 percent to about 25 percent. The provincial percentages dropped in 1975, stagnated in 1976 and increased until 1978 to the level of 1974. The central government, in all the years since 1975, has recorded an above-average growth rate in deficits, and its share has been increasing from just under 60 percent to about 70 percent.

1981 BUDGET DETAILED; ENERGY TAXES RESTRUCTURED

Brussels KNACK in Flemish 13 Aug 80 pp 14-15

[Text] The draft budget for 1981 was approved last Saturday [9 August] at a cabinet meeting. The net amount to be financed is estimated at 242 billion [Belgian] francs, the deficit for current operations at 90.7 billion. The net amount to be financed represents 6.4 percent of the gross national product (as compared to 7.3 percent for the current year). The total current expenditures are estimated at nearly 1.2 trillion francs; this is an increase of 7.6 percent over 1980. While the various allocations are rising by the average percentage, the allocation for the Ministry of Defense is being raised by 9.3 percent, including 750 million francs in compensation for increased fuel prices. Minister of Defense Charles Poswick (PRL [Party of Liberty]) is thus getting most of the amount he requested after all; not long ago, under threat of refusal, he asked for a 10 percent increase in his budget. State revenues are set at about 1.1 trillion francs.

The budget for this year is also being adjusted. Current expenditures are being raised by 6.2 billion to 110 billion francs (as a result of unavoidable supplementary appropriations for the public debt and for national education) and current revenues are reduced to nearly 1.01 trillion (as a result of lower tax yields). Because of all this, the current operations deficit is going up from 82 billion to a good 100 billion, and the net amount to be financed from 232 billion to 254 billion.

There will be new taxes next year, but the reduction in direct taxation that began this year (such as splitting and decumulation) will be continued. The measures provided in the budget bill (abolition of the value-added tax on investments, etc.) will also be retained in the 1981 budget. This does not mean, however, that it will not be necessary for some to dig down deeper into their pockets.

A more intensive campaign against tax fraud may make possible an added yield of 15 billion francs. There will also be a bitter pill for the hundreds of thousands of state employees: for them a pension contribution

of 2 percent of the gross salary will be introduced, which will be applied on the occasion of the first two cost of living increases next year. The 6 billion francs that this operation will yield is to slow down the increase in allocations to take care of pensions. The taxes on exceptional corporate earnings ("SOL-2") will also be retained and will bring in 2 billion. A "restructuring of the taxes on energy" will entail a rise in a number of fuel prices. The value-added tax on motor fuels is raised from 16 to 25 percent; the taxes on LPG [liquefied petroleum gases] will be abolished and those on gasoline reduced, so that the repercussion on the prices in those cases is nil. The taxes on diesel fuel will be retained, so that the price per liter will go up by 1.5 francs. Since the value-added tax is deductible, firms and those engaged in transportation will experience no adverse effect of this increase. For home-heating and industrial fuels, except coal, the value-added tax will be raised from 6 to 16 percent. For natural gas alone the duty will not be abolished, so that the price will go up 10 percent. Fuel oil will be 0.45 francs per liter higher. All of these price rises will come in on 1 October and will bring in a good 3 billion francs.

In addition about 6 billion from the National Lottery will be used as a contribution to redemption of the state debt.

8815

CSO: 3105

BRIEFS

ZEEBRUGGE PORT TO BE EXPANDED--To the great annoyance of the Antwerp port propagandists, the government decided last Saturday [9 August] to expand the Zeebrugge port to the maximum. The government justifies its decision by pointing to the continuity of employment and to the necessity of being able to receive Algerian natural gas as of 1 January 1986, as stipulated in the contract between Distrigas and the Algerian authorities. By this decision the Zeebrugge port will acquire a breakwater 1,750 meters long. Partial contracts 3A, first phase, and 4A, third phase were approved in that connection. Concerning construction of an inset dock in the western outport and also the further expansion of the inport, the advice of the National Commission for Harbor Management will be obtained. The works in the inport and at the sea-lock, the connection with the Boudewijn Canal and the northern inlet dock, will be completed. Some measures will also be taken for the port of Antwerp. The Antwerp port director Jan Huyghebaert (CVP [Social Christian Party] called the government's decision a mockery of national port policy and said that it plunges the country into a financial gamble. The principal Antwerp argument against expansion of the port of Zeebrugge is the fear that the two ports will come into competition and that will put a squeeze on jobs in Antwerp. On the Zeebrugge side, of course, everybody is extremely well satisfied with the government's decision. [Text] [Brussels KNACK in Flemish 13 Aug 80 p 14] 8815

ANTWERP JEWISH COMMUNITY MILITIA--According to Louis Davids, editor in chief of the BELGISCH-ISRAELITISCH WEEKBLAD, the Jewish community in Antwerp has decided to set up an armed security service of its own in reaction to the attack on Jewish children some time ago in which one was killed. This militia will be put into operation after the end of the summer vacation. The Antwerp authorities had already taken special security measures for the protection of the Jewish community, and unarmed Jewish security agents were also active. Evidently all this was not considered sufficient. Davids also accused the Iraqi, Syrian, and Libyan embassies in Brussels of having established arsenals from which terrorists draw their weapons. He demanded the dismantling of these arsenals, and also asked that some Arab students at Brussels universities be kept under closer observation in the streets. The government, however, has denounced the formation of the militia expressly as not being in accordance with our legal order. [Text] [Brussels KNACK in Flemish 13 Aug 80 p 14] 8815

GENDARMERIE'S MORAL PROBLEMS--The National Union of Gendarmerie Personnel presented a "Witboek over de malaise bij de rijkswacht" [White Paper on Low Morale in the Gendarmerie] last week. The immediate occasion of its publication was the case in which two members of the corps were sentenced to terms of confinement for consumption of alcohol while on duty, in spite of advice to the contrary from the corps' own investigators. In consequence of this case the gendarmerie union wanted to put forward their demands concerning the disciplinary system and the union statute at a demonstration on 24 May. This demonstration, forbidden by General Beaurir, the corps commander, took place in Ghent nevertheless. Half of the central committee of the national union were subjected to disciplinary action as a result. In the white paper the demands with regard to the disciplinary system and unionism are repeated, and at the same time a better political supervision of the gendarmerie is requested, partly in order to prevent the commander of the corps from becoming a "minister in the making." [Text] [Brussels KNACK in Flemish 13 Aug 80 p 15] 8815

STRICTER UNEMPLOYMENT CONTROL--In a note to the directors of the regional offices of the National Employment Service, Roger De Wulf (SP [Socialist Party]), minister of employment and labor, urges stricter enforcement of the existing regulations concerning the unemployed. These so-called "ten commandments" of the minister's constitute a part of his economy package and must yield about 1.3 billion [Belgian] francs. The only possible application has to do with review of the period before the unemployment, which is taken into consideration in computing the level of unemployment compensation. The minister's guidelines relate chiefly to a stricter check on signatures in the unemployment register, greater uniformity in countering abuses (including the designation "abnormally long unemployment") a higher-principled position of the RVA [National Employment Service] in cases before the Labor Court, a stricter definition of the concept "head of family," which has its influence on calculation of the unemployment benefits (heads of families get 50 percent of their former wages, while those who are not heads of families drop back to 40 percent after a year), etc. Within the RVA itself the responsible regional officials are urged to make supply and demand fit together better on the labor market. [Text] [Brussels KNACK in Flemish 13 Aug 80 p 15] 8815

CSO: 3105

PARTISANSHIP CHARGED IN REFUGEE TREATMENT

Nicosia BOZKURT in Turkish 31 Jul 80 pp 1,4

[Article by Bilbay Eminoglu]

[Text] It is being asserted that the government, trampling the constitution, is discriminating among refugees and, with its partisan policy, is pitting refugees against each other. Southern Refugees' Unity and Solidarity Association Guzelyurt Branch Chairman Kemal Emirsade held a press conference yesterday in Nicosia. He criticized the government's refugee policy saying:

'Only Thing the Government Does'

"Despite the constitution, the only thing the government does is engage in discrimination and partisanship saying, 'This individual supports me. This person does not.' It constantly pits refugees against one another instead of solving problems with an impartial approach. We, as an association, protest against this position of the government and ask it to show interest in and find solutions to refugee problems within the framework of the constitution."

Land Occupied

At the press conference, Southern Refugees' Unity and Solidarity Association Guzelyurt Branch Chairman Emirsade spoke in particular of the "problem of refugees who are unable to take possession of agricultural land that has been legally assigned them." He reported that Lapithos resident Halil Ibrahim, who is not a refugee and who has no legal basis for doing so, is still occupying 634 donoms of excellent land in Guzelyurt. Emirsade explained that 36 citizens, the legal holders of the land, have still not been granted the rights that were wrested from them in 1977 and that, furthermore, these persons have been forced to grovel at the doors of the courts for days.

Struggle Will Continue

Emirzade said that the problem of the 36 refugees and legal holders has reached the final stage from the legal aspect and that Lapithos resident Ibrahim's request for a temporary injunction was denied by the courts. He went on, "Our fellow citizens are resolute and will carry on the struggle until the end. I can clearly state that our association will be behind these persons." He noted that the issue was placed on the agenda recently with complete sincerity and criticized officials for their lack of decision in solving the problem.

Where is Government?

Southern Refugees' Unity and Solidarity Association Guzelyurt Branch Chairman Emirzade reported that Lapithos resident Ibrahim attempted to destroy the unity of the 36 rightful holders of the land by offering to make an agreement with some of them. He proposed partnerships and rental of the land, but none of his efforts produced the results he desired. Emirzade asked, "In the face of the refugee problems, where is the government? What is it doing?" He continued:

"Each day, the housing problem grows in our country. Where is the government? What is it doing?

"The illegal and unjust distribution of land is the cause of grave uneasiness within the refugee sector. Where is the government? What is it doing?

"Despite the constitution's command to rehabilitate them, refugees are taking the road to foreign countries. Where is the government? What is it doing?

"Those who have suffered losses and who are in debt are considered to be inferior. Where is the government? What is it doing?

"While some refugees' homes have been furnished with the most luxurious goods, others do not even have a sound chair on which to sit. Where is the government? What is it doing?

"Hundreds of refugees have not been able to collect compensation for goods abandoned in the south. Where is the government? What is it doing?

"Our youths of marrying age are unable to wed because of the housing shortage. Where is the government? What is it doing?"

11673

CSO: 4907

LIBYA TAKING ACTIVE ROLE IN CYPRUS PROBLEM

Nicosia BOZKURT in Turkish 6 Aug 80 pp 1,6

[Text] State Chairman Rauf Denktas reported that the active interest in Cyprus demonstrated by Libya has spurred both parties to deal with the problem and that several problems that appeared to be insurmountable are now almost completely solved.

Denktas-Hijazi Discussion

Yesterday morning, Denktas greeted Libyan Secretary of Information Muhammad Mahmud Hijazi, who is visiting Cyprus, and then held talks with him. Also present at the talks were Minister of Foreign Affairs, Defense, and Tourism Kenan Atakol, the Libyan Nicosia Embassy charge d'affaires, and other officials. Following the discussion, which began at 1030 hours and lasted an hour, Libyan Secretary of Information Hijazi and State Chairman Denktas made an announcement to members of the press.

At Qadhafi's Request

Hijazi stated that he, like Libyan Secretary of Foreign Affairs Turayki, is visiting Cyprus as a result of Libyan Chief of State Mu'ammarr Qadhafi's desire to help solve the Cyprus problem. Hijazi reported that he discussed with Denktas the topic of how the Cyprus issue can be resolved. He noted that United Nations Secretary General Kurt Waldheim will visit Libya in September and that it is expected that both sides will be discussed in Libya.

Pleased

Hijazi, who pointed out that problems are gradually diminishing, said that this, as well as the understanding shown by both sides, pleases his country. He stated that his country will always support its friends and that it will work to develop relations with them. He added that he hopes that Libya's endeavors to help find a solution to the Cyprus problem will produce a positive result.

State Chairman Denktas reported that the active interest in Cyprus demonstrated by Libya has spurred both parties to deal with the problem and that several problems that appeared to be insurmountable are now almost completely solved. Denktas pointed out that the result of this endeavor is that the commencement of talks between the two communities can become a reality and that the visit of the Libyan secretaries of foreign affairs and information has played a positive role in this.

Goal of Our Community

State Chairman Denktas said that the Turkish Cypriot community does not want to be treated differently because it is Islamic and that it only desires that the situation be understood. He asserted that Turkish Cyprus is struggling for freedom and rights and that it is working to establish a joint federated republic. Denktas pointed out that this will prevent one community from being repressed by another and one community from attacking the other as did occur for 11 years in the past.

New Model

State Chairman Denktas noted that, if the Turkish Cypriot community had not resisted the Greek Cypriots, Cyprus would be a part of NATO today. He said, "I hope that, henceforth, the two communities will be able to live side-by-side in their own regions and cooperate in a central, federal government. In this way, Cyprus will not be able to be used as a springboard by imperialists against our neighbors, and Cyprus will become a new model of two different religions and two different races living side-by-side."

State Chairman Denktas and Libyan Secretary of Information Hijazi later visited cemeteries of the Turkish Federated State of Cyprus and toured various towns.

11673

CSO: 4907

LAMSDORFF VISIT, TRADE PROSPECTS WITH PRC DISCUSSED

Hamburg DER SPIEGEL in German 18 Aug 80 pp 44-47

[Unsigned editorial: "China-Trade: Large but Poor"]

[Text] China's economic functionaries are hoping for low-interest credits from the Germans. They are coaxing with long-range trade agreements.

The first meeting of the German-Chinese Economic Commission had hardly started when the Chinese found out that Otto Count Lamsdorf does not think much of Asiatic liabilities.

Directly, as is his manner, the minister for economic affairs addressed himself in the "Great Hall of the People" to the touchiest topic of his China visit. The FRG government, the Bonn representative declared straightforwardly, gives no interest subsidies. The Chinese, like all others, would have to pay market interest rates.

The hosts did not give up that easily. No matter whom the Bonn minister talked to in Beijing last week, all asked the German guest to come to the giant country's assistance with favorable credits.

"China is large but poor," complained Foreign Minister Huang Hua, "and we would also like to be treated as such."

Indeed, the Federal Republic is the only country which is not lending a helping hand with direct financial injections in the competitive race for business and raw materials.

The Japanese, for instance, who like the West Germans are eager for Chinese metals, coal and oil, are making available to their large neighbor to the west a free credit in the billions. The Japanese loan runs for 30 years and is granted at a trifling interest rate of 3 per cent. Americans, Frenchmen and Englishmen are also serving Beijing at a discount.

Beijing's economic planners also expect the rich Germans, whose quality products and punctuality they value, to accommodate them--and this not without reason.

In last October's agreement on economic cooperation, Bonn had promised financing "at the best possible conditions." But best possible conditions, as interpreted by the Chinese, demand subsidies on the part of the German minister of finance.

Moreover, German China visitors, entrepreneurs and also politicians such as Baden-Wuerttemberg Minister-President Lothar Spaeth had held out the prospect of grants, without authority but generously to make up for it. Said Lamsdorff in Beijing: "First of all, I had to straighten out the cheerful promises here."

When concrete projects were at stake, the German negotiators noticed also that the Chinese do not like to come forth with cash. Following the East-bloc model, the Asians would prefer to pay for investments with raw materials.

Five surface-mining installations, equipment for six coal mines, two coking plants and the modernization of two mining-machine factories are planned, explained Minister for Coal Kao Yang-wen.

He said if the Germans wanted to have the business, they themselves should accept coal, or they should help dispose of Chinese coal in third markets.

Minister of Metallurgy Tang Ke wooed with what the Federal Republic does not have: raw materials such as tungsten, antimony, titanium and vanadium -- all rare materials needed for industrial production. Commented the Chinaman: "China is ready to provide Germany with assured supplies of titanium."

Some business transactions are already in the take-off stage. The German Society for Electrometallurgy (SfE) intends in a major experiment in Nuremberg to refine vanadium out of 300 tons of Chinese slag.

If the experiment proves a success, SfE will build an installation for vanadium extraction in the Chinese iron-and foundry-works area of Pantshihua. It is to be paid for with vanadium products, guaranteed in a long-term delivery contract.

The Essen Goldschmidt firm wants to help the Chinese reclaim rare minerals from the Baotou deposits. In return: worldwide joint distribution of all rare minerals from these deposits.

At the closing session of the commission last Wednesday, Minister of Foreign Trade Li Qiang promised: "We want to strive to deliver, starting in 1985, more raw materials and also oil to the Federal Republic."

In the attempt to accumulate foreign currency for the financing of their ambitious plans, the Chinese also had some unusual ideas. One could, proposed Minister for Coal Kao Yang-wen, hire out to Germany cheap Chinese manpower.

Alarmed, the Germans rejected the offer, making embarrassed excuses of a freeze on foreign workers and other legal regulations. A Lambadorff co-worker said it more clearly: "We surely cannot admit Chinese and keep them with us as slaves at starvation wages."

However, the proposal to make use of cheap Chinese labor columns at least in third markets in Africa or Asia met with the approval of managers who flew with Lambadorff to Beijing: "This is not such a dumb proposition," was the opinion expressed by Heinrich Weiss, chairman of the Duesseeldorf Schloemann-Siemag Corporation's board of directors, "we'll look into it."

The Chinese are voluntarily undertaking efforts to earn Western foreign currencies and to industrialize without too great an indebtedness. Bankers all over the world would only too gladly pump money into the giant country; because with credits so far amounting to \$2 billion, China is still virtually without debts. But their enormous raw-material deposits are good for many billions.

The German bankers who traveled along also offered a few billions in Beijing. Delegation leader Lambadorff encouraged the Chinese to take advantage of the offers. Interest subsidies, the count said for instance, are not necessary at all. The Federal Republic's low rate of inflation always makes German interest competitive -- even with the interest-lowering subsidies of some Western neighbors.

But at the closing session, the Chinese were still not satisfied.

As friends, so commented Minister of Foreign Trade Li Qiang, they respected the position of the Germans not to grant reduced interest rates. "But as friend one must also say," he added, "that interest does play a significant role in international trade relations."

9011

CSO: 3103

CODETERMINATION DISPUTE TO RESUME AFTER ELECTION

Hamburg DER SPIEGEL in German 18 Aug 80 pp 19-21

[Article: "Mannesmann: Continuation After Election"]

[Text] The chancellor intervened in the dispute concerning codetermination in the coal and steel industry to avoid unrest during the election campaign: Herbert Wehner and union leader Eugen Loderer had to retrench; stock owners made a new compromise offer. After the election the dispute could be settled through a change in law.

Helmut Schmidt could no longer contain himself at his vacation site. Last Monday he left his cottage on Brahmsee to attend to 3 days of business in Bonn.

The head of government had been disturbed while on vacation because of the failure of the talks between the Mannesmann board and the Metalworkers Union about codetermination in the coal and steel industry. Crisis manager Schmidt wanted to prevent the power struggle at Mannesmann from becoming an incalculable election-campaign risk.

Twice the chancellor conducted extensive discussions with his coalition companion Hans-Dietrich Genscher. At the end of the consultations it became clear: Both coalition partners will try to keep the codetermination dispute out of the Bundestag election campaign; both want to prevent a spectacular special session of the Bundestag before 5 October.

The Free Democrats and the Social Democrats believe that this is the only way to avoid the awkward impression among the voting public that at the end of the 4-year legislative period they are opposing one another in parliament.

Herbert Wehner, chairman of the SPD caucus, was actually the person who had created the precarious situation for the coalition.

Without first conferring with the chancellor and--as was evident almost immediately--against Schmidt's will, Wehner had won over almost the entire caucus to go it alone in parliament and guarantee codetermination for coal- and steelworkers in the Duesseldorf Mannesmann concern. It was to be expected that Wehner's proposition would not get the approval of the FDP but possibly a few votes of the left wing of the CDU.

After 11 years of joint government, the ironclad rule of the social-liberals never to vote with changing majorities appeared suddenly to have become invalid.

In contrast to Schmidt, Wehner proceeded from the supposition that legal guarantees for the coal- and steelworkers--if passed before 5 October with CDU votes--would certainly annoy the FDP considerably but, in the end, do only limited damage: Anyway, for reasons of self-preservation, the liberals would not be able to drop their support of the coalition a few weeks before the election.

In Wehner's opinion, after the election a law giving legal guarantees can only be passed with the FDP, and that would exact a high price during the next coalition negotiations: the firm establishment in the works council law of separate spokesmen's committees for management personnel, a group that is courted by the Free Democrats.

Wehner's plan to call Bundestag members to Bonn before 5 October for a special session was supported by SPD party strategists. They were tempted by the thought that the SPD could ingratiate itself with labor by doing something for the unions before the election. The argument was that the FDP would not fare so badly either: They could present themselves to their middle-class clientele as an independent anti-union party.

Helmut Schmidt did not think much of such plans and games. He does not want to be held responsible if the dispute continues to escalate and causes strikes on the Ruhr. In Schmidt's opinion, peace in the country is still the best prerequisite for the election victory.

In private talks between the chancellor and Eugen Loderer, leader of the Metalworkers Union, which took place a few weeks ago, the chancellor called attention to the dangers of the Wehner plan for the coalition. During his stay on Brahmsee, his confidants, SPD vice-chairman and former Metalworkers Union functionary Hans-Juergen Wischnewski, as well as Chancellery Minister Gunter Huonker, were staying in contact with the central union office in Frankfurt--always with the goal in mind to postpone the decision on code-termination until after election day.

Last week, Herbert Wehner came around as well: He was vacationing on the Swedish island of Oeland when he received word from Bonn informing him that the chancellor wanted a public statement from the caucus leader. A short time later, and under additional pressure from SPD Chairman Willy Brandt, Wehner gave an interview on Radio Germany.

Wehner said he thought that there were still chances for an amicable agreement between the Metalworkers Union and the Mannesmann AG. Even after the failure of the third round of talks between Mannesmann and the Metalworkers Union, as far as Wehner was concerned, "the door had not been shut."

The initiator of the SPD group proposal was now recommending "utmost caution in the treatment of this difficult topic."

The surprising change of mind had been made easier for the SPD strategist through discreet hints that had arrived last week "in the Social Democratic camp" (according to an influential government member).

The information came from Friedrich Wilhelm Christians, chairman of the board of directors of the Mannesmann AG, whose primary occupation is that of spokesman for the executive board of the Deutsche Bank. In the past, Christians—who knows Schmidt well—has stayed elegantly aloof from the Mannesmann quarrel and let Mannesmann Chairman Egon Overbeck be out in front.

Now the banker let it be known that the concern was willing to continue talks with the Metalworkers Union and, possibly, make concessions. The banker was referring to a proposal that had been presented to the unions last Monday by Mannesmann-General Overbeck.

At the same time, the chief manager stated that he was willing to restructure the concern in accordance with the proposals of the Metalworkers Union, first for a 6-month period—from January until the end of June 1981.

This model would retain coal- and steelworker codetermination in the main Mannesmann company. Beginning with July, however, Overbeck wanted to reorganize according to his plans.

Overbeck stated that politicians in Bonn could use the 6-month period to make changes in the law that would then guarantee the validity of coal- and steelworker codetermination even after this reorganization at Mannesmann.

The man from Mannesmann also has definite ideas as to what is to be decided upon by the politicians. Both the executive board of the enterprise and the Metalworkers Union could exert influence on the politicians to change one important article of the Amended Codetermination Law for coal- and steelworkers, in effect since 1956.

According to this law, concerns whose coal and steel production is less than 50 percent of their total turnover are not covered by the codetermination law. At Mannesmann, the proportion has fallen to less than 40 percent through acquisitions and production expansions in the processing divisions. Thus, Overbeck recommended a new limiting figure: 33.33 percent.

Nevertheless, the compromise concept of the Duesseeldorf general manager was flatly rejected by the unionists. Rudolf Judith, Metalworkers Union board member, felt it was a "death trap." Said Judith: "Such a simple trick will not get us."

The unionists were suspicious that their opposite numbers were only trying to win time. Anyway, they thought that if Overbeck should succeed in dragging the coal- and steelworker topic past 5 October, it was unlikely that help in the form of legislation could still be expected from Bonn.

Judith feared that after the election, the SPD would first be occupied with coalition talks. And later on, the party would hardly want to risk a new quarrel with the Free Democrats. In other words, the time would slip by unused.

Overbeck did not want to discuss an extension of the time period for leaving things as they are. Last week, in a SPIEGEL interview, he still insisted on a 6-month period.

But no, Chairman of the Board Christians announced that he was willing to make concessions with regard to the time period. The banker informed his SPD confidants and also the opposition that the concern management would accept a longer time limit.

It should provide additional time for the deputies to update the Amended Codetermination Law of 1956--probably even with the votes of the Union. CDU/CSU Chairman Helmut Kohl has already told the Mannesmann manager that the Union would go along with updating the amended law.

Nevertheless, the change in the law can only be pulled off if the FDP--assuming the social-liberals win the election--expresses its willingness during coalition negotiations to tolerate such a Grand Codetermination Coalition.

The loss of face for the liberals would be within limits: In contrast to the 1951 coal- and steelworker Codetermination Law, the amended law grants fewer rights to unions with regard to the appointment of the labor relations director as well as the staffing of employee representations on the board of directors.

Last week, one SPD cabinet member felt that there was even a chance that the FDP might join in an all-party solution after 5 October: "In my opinion, many things could develop."

At any rate: FDP leader Hans-Dietrich Genscher, who stated on Wednesday that "the coalition" was "in danger," was extremely conciliatory 2 days later. He announced: "We, the Free Democrats, will certainly not pour oil on fire, but rather pour it on water." The liberal offered himself to the metalworkers as a "serious negotiator."

Genscher's offer to the Metalworkers Union had been facilitated by the unionists. In view of the spreading desire for an agreement, Metalworkers Union Leader Eugen Loderer no longer wanted to be the agitator. Although just last Monday, Rudolf Judith, Loderer's partner in the discussion, had rejected Overbeck's offer, calling it "not serious," Loderer suddenly announced on Thursday that the metalworkers were willing to continue the negotiations.

The union leader had realized that everybody was marking time. He felt that it was becoming too risky to build up the conflict all alone.

After all, soon Eugen Loderer himself will be facing an election: The Metalworkers Union congress will begin on 21 September.

8991

CNO: 3103

SPD LEFTWING PONDERES FUTURE WITHIN PARTY

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 20 Aug 80 p 10

[Article by Dieter Wenz: "The SPD Leftwing Under Schmidt"]

[Text] "We are the SPD of the eighties." These words are attributed to Karsten Voigt, the first really important JUSO leader in his party after the student unrests at the end of the sixties. Today, hardly anybody in the SPD youth organization is still using these words. Under Heidemarie Wleczorek-Zeul the idea of a "dual strategy" had gained strength, that is the activity of the Young Socialists outside the party boundaries, and from there again back into the party. But the successes of this strategy inside the party soon proved to be mediocre, and the influence of the SPD youth on the extraparlimentary leftwing decreased rapidly. Schroeder, JUSO chairman at the end of the seventies, no longer went in for a big hullabaloo and great political perspectives. He talked more and more about "consolidation." And if today the current JUSO chairman, Piecky, declares "war" on Defense Minister Apel, or calls expellee organizations "revenge-minded" just in time before 17 June, this does not in any way indicate a change in policy direction; the poor man is just doing his duty as JUSO chairman, up there in Bonn.

Rituals have become stale. The SPD party youth, which in the past had been weighed down by the avid public with all-too heavy political weights, has had to pull in its horns, and its work methods are changing accordingly.

The Frankfurt Circle

However, the JUSOs are not the leftwing of the party. What importance, after all, has the SPD leftwing in the already established state organizations, what importance do people like Hansen, Meinike and Coppik have in the Bundestag? Their potential effectiveness in the party in Bonn has also been set narrower limits than is widely assumed. The same is true for the power of their convictions beyond the SPD fringes, in that still unorganized space of the extreme left--an asset from which the party leadership until very recently had tried to draw heavy dividends.

The "Frankfurt Circle," meant by its founders to be a kind of gathering place for the SPD leftwing of various colors, continues to hold meetings. They are especially brave after federal party conventions when everybody has to admit that the convention just ended has once again been disappointing. Now another meeting for the SPD leftwing is planned for 6 October, the day after the Bundestag elections: the young dissatisfied members will eagerly put their demands on paper, knowing full well that the matter will rest there. Since Eppler's withdrawal there has been no figure around whom the party could rally, from whom it could gain courage on the grassroots and county levels or behind whom it could at least gather. Voigt and Berlin Building Senator Ristock have failed, for some time now, to play this role. Whether or not Bremen Youth Senator Scherf will ever grow into this role is one of many unanswered questions.

The leftwing in the Bundestag? Potential fraction deviates will continue to have their opportunities. But they must budget these carefully if they intend to produce more than mere spectacular scenes. They must reckon with the fact that their activities inside the total SPD leftwing is anything but noncontroversial--they are being rejected anyway by the overwhelming majority of party members at the grassroots.

And the recent activities of the SPD leftwing--are they just signs or resignation or something a little more? Heidemarie Wleczorek-Zeul, still pugnacious at least on the verbal level, has departed into the Europe Parliament, her predecessor as JUSO leader, Roth, is no longer being considered by party leftwingers as one of them. Karsten Voigt has worked hard to establish his reputation as the solid disarmament policy expert of his fraction, who is not at all constantly influenced by red ideologies. That leaves Schroeder, last SPD youth chairman, and his former deputy, Schreiner. Both have been nominated for safe party seats and will become members of the next Bundestag. The same is true of Freimut Duve, who has in his state party organization won out over the present representative from Hamburg-Mitte, the rather more conservative social expert of the Bundestag fraction, Glombig.

Numerically, the SPD leftwing will have stronger representation than before in the new Bundestag. It is true, however, let us say, Schleswig-Holstein Party Chairman Jansen and his fraction chief, Matthiesen, and Ehmske and Minister Matthoefer, there are those who will wear their "leftist" buttons like medals on their lapels. Emotions play an important role in all this, leftwing "heritage," friendships, dependences that have developed. Group dynamic moments are of importance. But these people are no red-blooded all-or-nothing socialists. Frequently accused of increasing "careerism" by younger party members, they know that in serious cases, when they are faced with the well-known "power question," they will put practical reasons before "moral considerations." This is true so far, at least, from analyses by the leftwing itself, where nobody wants to be pinned down, on a long-range basis, in regard to the value, or the lack thereof, of Wehner's words regarding "discipline": has the fraction chief not aged visibly over the past months?

More Practical at the Grassroots

The sober truth is that the SPD leftwing, now more than ever, must ask where it stands. How could opportunistic considerations be a surprise when assumed political assets are at stake? Everything in the SPD leftwing now points toward aggravating changes in and with the total party. Several factors must be considered: First, after the Godesberg meeting the SPD has not developed in the way the leftwing had thought. But these essential changes did not take place suddenly, not, let us say, since the real party leadership slipped from Brandt's hands and went over to Federal Chancellor Schmidt. Brandt's admonitions through all these years, with his hands raised high in paternal gestures, to remain peaceful and have just a little more patience--all of his assurances which were seconded by a head-nodding Bahr can in retrospect be considered by the party leftwing only as dishonest promises, can seem mere efforts to pacify. The truth is that the SPD leftwing has, for a considerable time now in an almost constant straight line downwards, lost weight. Schmidt, who would like to see the party even more efficient, more streamlined, more tailored toward shorter (government) policy purposes, is in reality the only person who today--at times perhaps with undue enjoyment--explains to the leftwing its status and the actual balance of power in the party.

Personalities in this case represent the program. The direction envisioned for the party by the actual party leadership under Schmidt, Wischnevski and Boerner is quite openly a different one. It has, for example, now become the official party view that the SPD can gain additional votes primarily in the center--competing there with the FDP and CDU. Months ago, after the first successes of the "Greens," there was still talk of a potential to the left of the party which was to be wooed intensively. Analyses made for the party had shown that the SPD was about to become unattractive, especially for young dissenters and dissatisfied people. The idea had been presented that the party's own leftwing, the loud-mouthed party youth, could be a dam protecting against a slide from the party center to the outside, and at the same time a potential conversation partner far into the spaces of the radical leftwing.

Today, Schmidt does not look at things this way. For him, the right to exist of the young party leftwing consists essentially in its indispensability for posting election campaign posters. For people who are doing the dirty work for Ministers Franke and Vogel and who have now, rightfully, become more self-confident, these young leftwingers are more like the icing on the cake. And for the large majority of the party they serve--sometimes shamefacedly--as the necessary leftwing alibi.

There are no beautifully painted dawn on the horizon for the SPD leftwing, for the uncounted numbers of them in their groupings. How to keep the old hopes alive--should, can they be extended into the uncertain future for another time? If a complacent but in reality masochistic consciousness of "anticareerism" is spreading more and more among the young party members,

this is totally in harmony with the general mentality of renunciation outside the party, but it also has much to do with the SPD itself, with the way it is today. There is great fluctuation, we are told, in the districts--in the places where the heart of the party is beating. There remains a group of those who want to play politics at all cost, even though there is little fun left in it. This is still the majority, and they are trying to play this game now--and this is what is really new--on levels within their reach, in the communities, in the Laender.

There is a more practical mentality now at the grassroots. Bundestag, Federal policy--they have become unpopular, in the strict sense of the word--and they are far removed: Bonn is no longer the mecca for the SPD leftwing working at the grassroots level. People must today consider one factor especially. The extraparliamentary, especially the Marxist-Leninist movement, has--according to its own admission--failed politically; where then is that other party which has similar roots in the trade unions, which has similar support in the working class, and with which the leftwing could still identify?

8889

CSO: 3103

BRIEFS

SAUDI OIL PRICE INCREASE--The increase in the price of Saudi Arabian oil will present Finland with an additional oil bill of about FM57 million according to Neste. Finland will import this year about another 1 million tons of oil from Saudi Arabia. Altogether 2.8 million tons of oil will be imported to Finland from Saudi Arabia during the year; this is about a quarter of the total quantity of oil imported by Finland. According to a decision taken last night Saudi Arabia will increase the price of its oil from \$28 to \$30 a barrel. The other OPEC countries have frozen their prices at the present level. Despite the increase, the oil imported from Saudi Arabia is still the most advantageous in comparison with oil from other countries, according to the State Oil Company. [Text] [LD181034 Helsinki Domestic Service in Finnish 0800 GMT 18 Sep 80]

CSO: 3107

MARCHAIS CALLS FOR STRONGER PCF AS KEY TO CHANGE

LD220913 Paris L'HUMANITE in French 15 Sep 80 p 3

[Apparent text of speech by PCF Secretary General Georges Marchais at L'HUMANITE festival on 14 September: "We Are Candidates for Change"]

[Text] The following is the full text of the speech delivered by Georges Marchais at the L'HUMANITE festival morning on Sunday afternoon:

Dear friends and comrades,

Allow me first to extend a fraternal welcome to all the press representatives of communist parties and democratic and national movements who--in unparalleled numbers--are doing us the honor of being among us today. On behalf of all French Communists and workers I would like once again to assure them of our active solidarity in our common struggle for freedom, a better life and for peace. Wherever they may be in the world, whether they are facing colonialism, fascism or capitalism, whether they are fighting to liberate themselves from underdevelopment or are building a socialist society in complex and diverse situations, the peoples of the world have always and will always find the P CF and its newspaper L'HUMANITE by their side.

We Are the Anti-Giscardians

Dear friends and comrades,

You have come to this L'HUMANITE festival in your hundreds of thousands. You are making this vast communist rally the most important political event as we return to work after the vacation--a time for which we are making "hope" and "struggle" the watchwords.

Of course we communists know how hard life is for the workers and their families, for white collar workers, peasants, young people and for all exploited people. By imposing more and more restrictions and sacrifices on you, by increasing unemployment and sparking off destruction and recession, Giscard d'Estaing intends to make the billionaires, exploiters

and speculators richer and richer. It is just too bad for you and for France--all that matters to him is that the rich should get out of the situation unscathed. The employers could not hope for a more devoted or more ruthless defender of their interests.

Well! We communists are countering this policy which is so deeply harmful to the people and the country. We are part and parcel of all the struggles and battles to defeat Giscard and Barre. We are the "anti-Giscardians" at all levels.

The government and the employers can promise, insult, threaten and repress to their heart's content: They will get nowhere. Broad, united and determined struggles are being developed in hundreds of enterprises in all regions. Allow me to give just one example to illustrate this point: that of Manufrance. On Friday Mr Barre went so far as to assert that this enterprise "no longer exists." That same evening I wrote to Mr Giscard d'Estaing. I said: These statements, which are unworthy of a prime minister, are quite legitimately prompting anger and indignation and they will continue to do so. They will spark off the appropriate reply.

Yes, comrades, the struggles are bitter. They are encountering bitter resistance. However in many cases they have already made breaches in the wall of austerity and recession. They have enabled us to safeguard the workers' interests and the national interest.

Giscard and Barre wanted to quietly destroy industry and impose austerity. They are having to back down. The "consensus" has failed: So much the better for France and the French people.

We draw our hope and our confidence from your struggles. Our party's watchword is to stand with you against the government and the employers everywhere and to defend you everywhere.

The Change Which the Workers Expect

This hope is also hope for change. Change is the central issue in the coming period--the period of the presidential election.

Many of you are probably wondering whether change, real change, is possible and by what means it can be achieved. Everybody realizes that this is a crucial question. I would like to answer it clearly.

First, what change do the workers expect?

They expect a change in their lives not in words.

Change means justice above all. We communists say it is unacceptable for millions of people to be racked with anxiety about the future while at

the other extreme the rich live in luxury and free from care. It is humanly and economically unjustifiable. Therefore let us attack social inequalities head-on: Austerity for the rich, money for the workers--that is what we want.

Poverty must be stamped out everywhere. As I said in my book: Is it possible to live in France today with less than FR4,000 per month? I say no, it is impossible.

Therefore low wages and their purchasing power must be substantially increased. Every working class family must be given the minimum income which they need to live. Pensions for working men and women must be increased. Let us tax the fortunes, excessive profits, and exorbitant incomes of the employers, the rich and the privileged!

Change means an end to unemployment and a better job for all. We must ensure that all men and women who wish to work have a job. It is unacceptable that people should find themselves on the streets overnight; scouring the classified ads, seeing every door close before them, only being able to find a precarious, unstable job not covered by collective rules or agreements. It is unacceptable to the men and women experiencing this tragic situation.

It is unacceptable for the country itself. This situation must stop once and for all. Work is not a favor granted by the employers; it is and must be a right for all.

Work itself must be changed. It is not inevitable for people to start work in the morning worn out before they begin; to be subjected throughout the day to a monotonous, repetitive, exhausting task; to be harassed by the pace of production, noise, dust, heat or cold. Where is it written that factories must continue to be hard labor camps forever? Nowhere. Everybody can be allowed to express themselves in work. But for that many things have to be changed.

Unless We Get to the Root of the Matter, Nothing Will Change

Work must be made easier. It must be made more interesting and skilled. The working week must be reduced, the most exploited workers must be given the right to retire earlier--in short everybody must be given time to "breathe," to relax, to live.

That is what we mean by a juster lot for working men and women: Giving each man and woman the right to have a good job, to have the means of living a decent life, the means of obtaining health care, suitable housing, and of keeping his family in a decent way. That is what change means.

Change also means freedom. The only freedom which Giscard, Barre and Ceyrac recognize and defend is the freedom to exploit, the freedom to

crush the workers. We reject the law of the jungle which governs capitalist society. We want a freer and more responsible society. We want a society in which each working man and woman can determine his life freely, really choose his way of developing and his happiness.

Freedom must be won. First in the enterprise where the employers' dictatorship reigns supreme. But also at all levels of our society from the commune to the upper echelons of the state including all administrative departments. Being regarded as men and women worthy of the name and not as robots to be ordered around, shifted from place to place and manipulated would be a real innovation in France in 1980.

Change means all that. It means giving a real and concrete response to the workers' deep aspirations. I must stress that at the same time it means building a new society in which young people, who are suffering the consequences of Giscard's policy so directly, finally feel they belong.

Where will you find the money to do this, people ask us. We reply: Where it is to be found. Capital's power must be broken. We must attack big capitalist property by carrying out real nationalizations. We must liberate the economy from the senseless destruction and waste which capital's domination is imposing and develop our production capacities. Producing and creating French goods is what is necessary and vital today.

We must also smash money's power in the state. Our people must be given the means of exercising their full sovereignty, and democracy must be boosted in all spheres. Full freedom of action must be restored to France. We communists refuse and will always refuse to see France gagged, aligned and dependent on decisions taken in Washington, Bonn or Brussels. We say no, never, to hegemony, control and a protectorate. We say no to any bloc. Independence, nonalignment, action for peace, disarmament, a new world system--that is the international policy we want for France.

That, friends and comrades, is what change means. You see, change does not simply mean putting a new man in the Elysee. Unless we get to the root of the matter, nothing will change.

The Shortest Path to Change

The PCF's battle is a battle for change. We call on you to fight this battle with us. It is only by uniting all those men and women who really want things to change that we will build the majority people's movement which is vital for achieving the necessary changes. Of course, like you, we note that Francois Mitterand and the PS, after having abandoned the joint program and broken the union in 1978, are now turning their backs on change and opposing the very idea of leftwing union. Today there is therefore only one effective means of making progress: Struggle, the rallying of all victims of Giscard's policy in the struggle for change.

Waiting passively for the solution to all the problems to emerge from the ballot box would be giving a free hand to capital and its government. It would mean once again preparing the conditions for failure and disappointment. Do not count on us to lead our people down such a blind alley!

So let us wage the battle to bring the hour of change closer, all together and without waiting. Everything won through struggle, every change, even if incomplete, means a new position and better conditions for moving toward more fundamental changes.

At what pace will this march toward change be made? How far is it possible to go? Everything will depend on the struggles and the scope of the people's movement for radically different solutions.

In any case we communists are ready. We will make every effort to go as far as possible. I repeat that we are candidates for change. A wider, broader, more conscious support for the PCF is the key to success.

As you see, friends and comrades we want change. And we want it as quickly as possible. Therefore, let us take the shortest path. Let us get rid of wait-and-see attitudes and passiveness everywhere. Let us win more successes through struggle. Each success brings the hour of victory closer.

The World Is Moving in the Right Direction

We also draw our hope from the way in which the world is moving.

I have often said that the world is moving. And it is moving in the right direction. The days when imperialism could impose its law everywhere are definitely over.

On every continent peoples who have been kept too long in backwardness, submission and poverty, are raising their heads. What do these people want--the peoples against whom all those who hanker after colonialism--from the right to the PS--are rampaging? What they want is no longer to die of hunger, thirst or diseases which have long since been defeated in the developed countries. They want their children to learn to read, write and count. They want to live in dignity and freedom and be able to make use of their own wealth. In short they no longer want to live as slaves. They are liberating themselves from imperialist oppression. They are demanding a new international system based on justice and democracy. They are dealing harsh blows to those who plunder the third world from Nicaragua to Iran and from Zimbabwe to Cuba.

In the capitalist countries--as I have demonstrated with regard to France--the peoples, whether governed by conservatives or social democrats, are waging great struggles to obtain a better life, full employment and democracy.

For millions of men and women from Berlin to Havana, from Hanoi to Moscow, from Beijing to Belgrade, socialism exists. In a very short space of time it has brought considerable economic, social, cultural and democratic achievements. It enables the world to continue living in peace. Indeed we know that without the socialist countries' influence and power the imperialist powers would not hesitate for long before unleashing the apocalypse.

We Can Deal Imperialism New Blows

Of course the progress made by the socialist countries is raising new problems which must be solved. In addition to this there are problems caused by economic trade between capitalist and socialist countries and the heavy burden created by the arms race imposed by imperialism.

The events taking place in Poland conform our idea that realizing socialist society's full potential depends on introducing reforms closely linking social progress, economic efficiency and worker participation in public affairs--in other words bringing about an extension of democracy in the full sense of the word. This democracy--as we said at our 23d congress--is a universal component of socialism.

I am sure I speak for you when I wish the Polish people and our Polish comrades complete success in implementing the necessary reforms. We are convinced that Poland will emerge strengthened from this stage in its history.

Of course this peoples' upsurge is taking place amid a bitter class struggle. Even though its means are limited, imperialism does not intend to give way with good grace. Every time an opportunity arises, from Bolivia to South Korea, from El Salvador to South Africa and Guatemala, it has no hesitation in resorting to the worst violence. In those countries it can torture, assassinate, and massacre and we will not hear a single complaint or sigh from our so-called human rights defenders.

At the same time imperialism is reviving the arms race. NATO wants to deploy new nuclear missiles in Europe. Giscard d'Estaing has decided to manufacture the neutron bomb. The FRG has been given permission to build up its navy. And the United States is drafting an adventurist nuclear strategy.

Therefore the struggle for peace and disarmament is a more vital task than ever. We are carrying it out with confidence. By struggling alongside all the world's peoples we will force imperialism to maintain peace, detente and peaceful coexistence. We will deal new blows to imperialism.

A Stronger PCF Is the Key to Change

Therefore, friends and comrades we draw our hope from struggle. The struggle for all people's demands, the struggle to bring the hour of change closer and the struggle to build a new world.

The working men and women have great class organizations in which to wage this struggle effectively.

They have with them the trade union organization which all adversaries of change fear and against which they are now directing all their attacks: the CGT.

They have their own political party--a party which does not deceive them and which they find by their side in all circumstances: the PCF.

Every effort has been and is being made to weaken, undermine and smash this party. It is all wasted effort. The PCF is present in all struggles, backed by 700,000 communists men and women and by the confidence of millions of working men and women.

We can now do great things thanks to the PCF's strength. However I must tell you frankly that the PCF's influence is still not adequate to meet all its historical responsibilities. Our people need an even stronger PCF, one which is even more influential and better suited to changing the course of things. They need to see the PCF assume its full place in the country's life right to government level.

As I wrote in my book, a PCF which is strong enough, stronger than it now is and has ever been, is the only new thing, the only real event which could happen in French political life.

Therefore, all you men and women who want change, give us the means to succeed: Join the PCF!

You young people, join an organization designed for you: Join the French Communist Youth Movement!

Let us not wait, let us wage the inspiring struggle for justice, freedom and progress in France until victory is won. Let us not wait, let us fight the battle for change, for the democratic, self-managing French brand of socialism which embodies our hope. Yes, friends and comrades, hope lives now!

Long live the workers' struggle for their demands and for change!

Long live socialism!

Long live the PCF!

CSO: 3100

WAR INDUSTRY STATUS, PROSPECTS REPORTED

Athens 1 KATHIMERINI in Greek 24 Aug 80 p 4

[Article by Elisavet Kotzia: "What Are the Margins of the War Industry?"]

[Text] In 1977 the War Industry Service was established, the purpose being to create a domestic war materiel industry. Radically contrary to the Psorokostains psychology, this political choice of the government warrants certain questions. For example, what can Greece achieve with a defense budget of 1.5 billion dollars when the "mighty" spend amounts on the order of 150 billion dollars? Indeed, taking into consideration the fact that war expenditures are counterproductive and, exceeding a certain limit, cause economic turmoils, when do they impede every policy of national independence?

The margins for development of a war industry by a country small and under development, answer the experts, are in the end much greater than appear at first glance. From the moment when the political leadership decides on the amount of funds which it can spend, there are possibilities for various maneuvers which significantly increase the country's self-sufficiency in war materiel.

The navy's experience is perhaps the best demonstration of how within a very few years the unexploited manpower and material existing in Greece was utilized.

Three years ago, our country bought warships, ready—with keys in hand one could say—from abroad. How is a ship built? The French shipyard, for example, buys the plans and builds the vessel. Then it buys the remaining accessories, firing guidance system, engines, guns, radar, etc., from various French or foreign companies and places them on the ship.

Greece decided to play the role of the French shipyard. Thus the hulls of six missile boats were built at Skaramangas while orders for weapons and armament steering systems were made by the navy. It was not an easy matter. It is said that in order to thwart the Greek building program and ensure employment in their own shipyards, the French companies in the beginning

refused to give any kind of help in "know-how" aside from the plans which they were obligated to hand over.

The missile boats are high technology crafts; the orders for and placement of parts, and especially the coordination of weapons among them, demand specially familiarized technicians. Despite the difficulties confronted at every step in the interpretation of plans, selection of materiel and alignment of weapons, two of the ships have been delivered and four are under construction. The benefit to Greece is that they were 10 to 15 percent cheaper and, at the same time, it saved a great amount of exchange. Yet of equal significance is the fact that Greece acquired the valuable experience to develop a Greek war industry.

Order For Frigates

At this time, there is discussion of the prospect of building at Skaramangas frigates which will replace part of the 12 old Greek torpedo boats. The Greek Government has already ordered one of the frigates from Holland while a second will be built, on the basis of Dutch plans, in Greece. At the same time, there is the French bid which, since it comes from state services which are not directly interested in ensuring employment in French shipyards, but it aims at disposal of French equipment, suggests construction of all the frigates (French design) in Greece. There are also British and Italian bids. It appears that evaluation of these bids has not yet been completed by the Greek Government.

At any rate, according to certain experts, there has been astonishment over the fact that the government is going to choose more than one model of frigate. This is first because in all the modern armed forces in the world there is the tendency for homogeneity in the types of all the weapons, tanks, vessels, etc. The advantages are obvious. Standardization makes the procurement of spare parts and ammunition easier while it allows swifter and more economic training of operators. One could certainly maintain that for the arming of the NATO member countries there are common specifications. But in reality the problem of standardization is still open also for NATO armaments.

Secondly, continue the same circles, it is not clear why the Greek side--which is going to acquire in some way or another the Dutch plans and technology for construction of the second frigate in Greek shipyards--will not build the other vessels also in its own installations. It continues to discuss committing construction of the third frigate to a British shipyard.

The selection of commissions for outfitting, observe the experts, occur on the basis of complex political considerations.

Perhaps government factors believe that with commissions to different builders they are satisfying certain national interests. Yet, in such a case, it is underlined, the solution which it seems the government tends to adopt is so irrational and uneconomic that it must be abandoned.

The experts stress that when the sellers implacably compete many times for whomever will ensure a buyer for his technology, the possibilities of the latter obtaining his own terms are increased significantly. Greece must use this advantage in order to persuade the "mighty" that it is no longer disposed to buy ready war materiel either with hard currency or even in exchange for fruits and vegetables. It must prefer, they end, to buy plans and technology from that party which offers Greece (among other things) technology and employment in its own shipyards.

One question related to the future of the Greek war industry: Is Greece in a position to design navy ships? Yes, believe the experts, five years hence. But it must begin with vessels simpler than missile boats and frigates which are very high technology ships.

Possibilities for planning also exist today. Yet, since warships are high cost vessels--100 million dollars for a frigate--and since the funds are absorbed by the economy's productive sectors, there are not margins for experimentations which eventually will not yield the best result. A planning study requires two to four years.

Experience and records which Greece, for the present, does not possess are needed. Turkey, in contrast to Greece, has designed and built torpedo and several smaller ships, but they are not considered of high performance.

Aside from missile boats, Greek shipyards have built fast coast-guard boats (foreign design) as well as all the newer navy auxiliary ships, water barges, tugs, small oil tankers, surveying ships, training ships and light-house supply ships (Greek design).

Aviation Factory

As concerns aviation, the Tanagra factory has the capability of aircraft maintenance and repair.

The creation of complete air production is not considered a feasible goal. The minimum economic and technical quantity which the country must have in order to be able to absorb the cost of new model airplanes is considered to be that of France.

Offered for the smaller countries as an alternative solution is joint production (fairly far away for Greece) and the method of "compensation." According to this second method, a small country like Greece buys airplanes at the same time undertaking construction of part of the airplane--for example, the gun or wing--for the total of production.

Such a favorable arrangement for the small country is certainly not due to any case of charitable feeling on the part of the great industrial powers. Like the shipyards, the aviation industries also make huge efforts to secure a market for disposal of their war products. "Let's fight in the air," suggested Daso to an American company in order to show prospective

buyers that the French "Mirage 2000" is superior to the American craft--an air combat surely with cameras and computers which the American industry feared and declined.

So "compensation" is considered an alternative method of enticement. The benefit for the buyer is manifold. The buyer acquires free technology, pays for the airplanes in merchandise, not exchange, and obtains high employment. The buyer, finally, is found in a more advantageous than usual position versus the seller. Often airplanes are sold at relatively low prices in order to be competitive. Then the suppliers "hit" the prices of spare parts.

Through the method of "compensation" the buyer is able to reciprocate the "hitting" to a certain degree.

The present Greek level of technological development, maintain specialists, allows Greece to undertake some sort of commission at the purchasing of new airplanes.

9247

CSO: 4908

HELLENIC INDUSTRIAL DEVELOPMENT BANK ANALYZES ECONOMY

Athens ELEVTHEROTYPIA in Greek 27 Aug 80 p 13

[Text] ETVA [Hellenic Industrial Development Bank] proceeds to unfavorable forecasts and findings about the Greek economy in its Economic Bulletin which went into circulation on 26 August. However, at the same time it stresses that "there are well-founded hopes that the very steady dynamism of the economy which has suffered a short-term halt will again function more strongly."

ETVA places hopes for recovery of the economy in "large investments for industrial units which will exploit Greece's significant mineral raw materials and will begin operating within the next two years."

More generally, in the analysis on the Greek economy, it is reported that in the first four months of 1980 industrial production was almost stagnant--an increase of only 0.2 percent--while the volume of permits authorized since the middle of 1979 points to a weakening in the construction sector. At the same time, development in the index of retail sales value has shown for many months now a drop in demand. Thus, the economy shows symptoms which present as probable entry into a phase of recession; the question is what forecasts can be made about its intensity and length. Experience from the previous long-term period must be used as a starting point for the related analysis, along with the present facts, especially the conditions of the country's domestic and foreign monetary equilibrium and the international economic climate.

ETVA also notes the following: Compared to 1974, the economy in 1980 is under more unfavorable conditions from two standpoints. First, it has suffered the trial of six years of intense inflation and investments standstill which has created a far more delicate psychological climate. Second, pressure now from the strict anti-inflation policy--an imperative necessity for monetary restoration--exercises a direct impeding effect on economic activity. On the other hand, if domestically the political situation is now normal, while it was not in 1974, this relative advantage is counterbalanced, at least in part, by the uncertainty which is fed by the acrimony on international horizons.

The international economic circle did not in the past essentially influence domestic industrial production as long as exports of industrial products represented a very small percentage of production. With the spectacular increase in industrial exports within the 10 years prior to the 1974 recession, foreign demand became an important element. Thus, since that year, Greek industry's dependence on foreign markets has bound its development to international economic fluctuations. Dependence, with the progress of exports in the meantime, has increased even more.

It appears that the previous findings justify the forecast that the slackening of industrial activity could this time be prolonged for a longer period of time, if to domestic restraining factors is also added the effect from the generalization of recession abroad.

Such a generalization has not been manifested up to now. Of the countries within the Organization of Economic Cooperation and Development, only the United States and Great Britain are in conditions of recession. In the EEC countries upward tendencies are continuing. Nevertheless, the possibility of change of direction in these countries up to the end of the year cannot be excluded.

The 1974 recession covered a time period shorter than 12 months. The recession which has begun in industry since November 1979 is likely to be prolonged several months after the end of 1980. In this period of time, efforts by agents of economic policy to restrain the rate of inflation so that it will not significantly exceed the corresponding rates of the OECD area will be facilitated.

After the above ETVA analysis, the optimistic conclusion reported in the beginning is stressed, according to which new investments will give new impetus to the Greek economy.

9247

CSO: 4908

BERLINGUER ASSESSES NATIONAL, INTERNATIONAL SITUATION

LD181347 Milan L'UNITA in Italian 15 Sep 80 pp 1, 3-4

[Report by Ugo Baduel on PCI Secretary General Enrico Berlinguer
14 September speech at L'UNITA national festival in Bologna: "Government
Impossible Without Working Class"]

[Excerpts] Bologna--It should now be blindingly clear to everyone that a stable and secure political leadership, a government truly capable of tackling today's and tomorrow's problems, cannot do without the PCI's full and direct participation, Comrade Berlinguer stressed. Pay no heed to the hoax that we are putting forward this government solution as a kind of panacea. We are too responsible and have too much respect for the workers' and the Italian people's intelligence to guard against nurturing such delusions. [Sentence as published] Furthermore we have not nurtured them in local administrations and regional governments, where the importance to people of the communists' presence or otherwise in the administrations is so evident.

The fact is, the PCI secretary general continued, that the other parties are not only resisting this solution because they feel that by accepting it they really would have to truly change many aspects of their mode of conduct and government, but are also insisting on keeping a government of which it would be a compliment to say that it is inadequate. Because this government has now become an active factor accelerating the country's decline and lack of direction. People are rightly wondering in whose hands we are and whether those in government know what they want apart from to retain their government posts.

During the latest election campaign, Berlinguer said, we were attacked because we maintained that the present tripartite government was dangerous and was therefore demanding that it resign as soon as possible. We were interpreting a justified demand even then: Now it is 10, 100, 1,000 times more justified.

There is no field in which the government has not demonstrated short-sightedness and foolishness combined with arrogance and continuous

fluctuations, committing gross errors and causing almost incalculable damage and harm. A brief reminder of the most serious acts and omissions will suffice. Berlinguer proceeded to list them.

In foreign policy the Euromissiles affair, in connection with which, having approved of the reckless decision taken by the United States, the government now completely inactive, even though, following the Brezhnev-Schmidt meeting, a real possibility has been opened up for unconditional negotiations to halt the arms race in Europe. Not to mention the grotesque line pursued in connection with the olympic issue: First heavy pressure to stop any Italian participation, then a ban on military athletes going to Moscow and last the prohibition of the use of the national flag and anthem. We must be grateful to the Italian National Olympic Committee and the Italian athletes who, despite these obstacles, competed with distinction and success at the olympic games. And we must be grateful to the president of the republic who by receiving the medal-winning athletes demonstrated a national sensitivity in which the government has been entirely lacking.

In domestic policy, Berlinguer said, continuing with his list, we have reached a situation of semiparalysis of normal parliamentary activity partly due to the inappropriate and repeated use of decree laws, a result not only of often irresponsible arrogance but also of the government's inability to resolve the country's problems with Parliament and through Parliament, taking into account the balance of forces that it reflects--which in fact represents the correct method indicated by the constitution.

The PCI secretary general recalled the stages that have characterized this government's conduct. During the election campaign, he said, merely to avoid losing votes the government parties formed a chorus and said that "everything is fine" and that everything would be for the best. But now that the elections are over the alarm is being sounded and the only remedy put forward is the confused and unjust pile of economic decrees, including the noxious 0.5 percent decree, which the government has been forced to withdraw because of the workers' reaction and our own parallel prompt and determined opposition--an affair, this, which confirmed the strength and directness of the bond between our party and the working class. I will not now recall all the parliamentary vicissitudes of the other decrees, with the endless turnabouts in the government's doncut, which has meant that the entire issue is still unresolved.

Instead I will point out that no more than a fortnight ago ministers and representatives of the government parties, changing their tone yet again from the alarms sounded in July, tried to show that this fall would not in fact be so bad and that in the coming months, as someone said, "it will be possible to stay afloat." This was a further demonstration of irresponsibility, Berlinguer stressed, an effort aimed solely at pumping a little more oxygen into a comatose government and at trying to demobilize the workers' vigilance and struggle--and perhaps also at inducing us communists to adopt what is called a rather "softer" form of opposition.

This is a pitiful and ridiculous effort, the PCI secretary general exclaimed, because even if it were true that the situation will not become too grave in the months ahead, would the country's underlying ills, the ones that are leading it toward decay and decline, be remedied? But leaving aside this observation--which we consider irrefutable--there is the bitter reality of the past few days and hours, which belies the optimism of the ministers and government party leaders, fully revealing its artificiality.

So, Berlinguer said, all the things I have pointed out clearly reveal why the issue of replacing this government is a pressing one--as it has been for several months. In other words, it is clear (as we have been saying ever since the election campaign) and as we repeated following the Bologna massacre) that Italy is like a ship adrift, without a rudder. Furthermore the fact that this government can no longer make it is beginning to emerge clearly even in several sectors of the parties that support it.

For several weeks voices within these sectors have been asserting more and more insistently that it is necessary to reopen the dialogue and establish positive relations with the PCI. So it is being acknowledged, more or less explicitly, that the attempt to show that it is possible to guarantee the country's "governability" without and against the PCI is in an evident state of crisis. It is also being acknowledged--as representatives of the Socialist Left and the DC Left have stated--that there can be no kind of governability in Italy if the aim is a split between communists and socialists.

Well then, Berlinguer said, let us consider the true value of these acknowledgements--tardy, of course, but important nevertheless. However, he added, so many and such insistent offers of dialogue make us somewhat suspicious and prompt us to ask ourselves and others certain questions. Here they are. What do they want from us? That we attenuate our opposition somewhat so as to permit the government to survive? If this is the case, Enrico Berlinguer exclaimed, then forget it. Our opposition to this government will not be attenuated and will retain the necessary vigor until we achieve its downfall. This is the first point that needs to be clarified again.

The second point is that we confirm that we will be in opposition to any other government to which we do not belong. But, some people object, you communists have said that the nature of your opposition depends on, and varies according to, the specific acts of government concerned. This is what we said and we confirm it.

Berlinguer gave an example. The present government, he said, was born with the stamp imparted to it by the victory at the DC Congress of the DC's most anticommunist group and has behaved in the ways I have pointed out. This was the basis for the nature of our opposition. Obviously

it could be different with respect to a government that did not have the negative political stamp of splitting the unity of the people's masses and which, above all, gave some sign of greater responsibility in tackling the country's most pressing problems. A different kind of opposition, Berlinguer stressed, but still opposition: This is the second point to be clarified. There must be no hopes of roping us into the kind of relations which we have ended in the past because they became confused and harmful to the country and the workers.

As far as a new government is concerned, the PCI secretary general continued, we must not be expected to enter into the diatribes over its composition. We have no formulas to put forward for governments to which we do not belong: We form our judgements and will continue to do so on the basis of deeds. And we will judge not only governments but also the parties on their deeds, starting with the deeds which can right now constitute tangible proof to the masses and the country that the parties supporting the present government really do want to change course.

Would we care to hint specifically to some of these "deeds" which we might consider valid signs of something new? Here they are:

--The attitude toward the Fiat workers battle;

--A real desire to take into account our amendments to the economic decrees, especially the ones we put forward against corrupt forms of spending;

--An end to the destructive and intolerable practice of party patronage in distributing posts in the public enterprises, banks, press and radio and television (where the DC right wing would like to go one step further from the present system of sharing out posts and carry out a "purge" of managers whom it finds awkward.);

--What kind of solution will be found to the problem of forming administrations in regions such as Liguria, the Marches, Latium and Calabria;

--A positive initiative on the Euromissiles issue, such as a formal proposal from our country for an immediate start to negotiations between the blocs, which has now become possible.

Next Comrade Berlinguer discussed topics connected with the international situation: "I will limit myself to a few brief remarks," he said. First he addressed a cordial greeting to the representatives of the communist and workers parties' press of the liberation movements and of the other democratic organizations from all over the world attending the festival. A special greeting, he said, must be addressed to the delegations from African countries, countries to whose problems we have tried to devote particular attention at this year's festival.

Since we met at our festival last year a new independent state has emerged in southern Africa after years of tough guerrilla fighting and following the elections which produced the extraordinary success of the national and revolutionary forces led by Robert Mugabe. And here too the delegation which went with the ship of Italian solidarity with the liberation movements of southern Africa--our people's internationalist conscience is great--told us both about the constructive effort that now distinguishes the building of the new Mozambique and also about the alert awareness of the balance of forces characterizing the Zimbabwe Government's action in its work to unite blacks and whites for the regeneration of this country within independence and nonalignment.

However racist power is still cruelly manifest in South Africa and continues to occupy Namibia in contempt of the most basic human rights and of specific UN decisions. These remaining bastions will fall too! Berlinguer said. We will continue vigorously to give the support of our solidarity to the Namibian and South African patriots.

Now we must develop more active solidarity too with the Latin American peoples, with the Palestinian people's struggle for their right to a state and with the democratic opposition in South Korea, whose leader is threatened with the death sentence.

A few days ago the Chilean regime, seeking an impossible legitimization, carried out under conditions of complete lack of freedom and open repression a referendum for the approval of a pseudoconstitution designed to perpetuate the power of the criminals who seized power 7 years ago.

Any comment on the results of the farcical referendum is superfluous: It was an absolute fraud.

The fact that the date chosen for the referendum was 11 September, the date of Salvador Allende's assassination, shows how cynical and bestial the Chilean ruling regime is. But on the other hand it shows that the tyrants cannot eliminate or free themselves from the spirit of Chile's last constitutional president, precisely because he fell as the supreme custodian of the law that they are trampling, as a defender of the democracy that they wanted to destroy.

The reminder of those days during September 1973 given to us by the present Santiago regime once again shows us the full gravity of the defeat suffered by the cause of Chile's and Latin America's independence and regeneration; but at the same time it enables us to see that the freedom struggle continues.

It continues even in Chile, where the path to regaining democracy seems long and full of obstacles. The democratic parties, whose split, exacerbated by the Christian Democrats' extremism, opened the way to the eruption of the fascists, adopted a joint stance on the referendum, the

embryo of a possible broader unity, which is necessary if this path is to be victoriously pursued by the Chilean people.

At our national L'UNITA festival last year, Berlinguer continued, we saluted the Sandinista Front's victory in Nicaragua gained a few weeks earlier.

The unitary delegation which returned from that country a few weeks ago, having consigned the shipload of aid to the Nicaraguan people, has told us about the effort and difficulties but also the hopes and successes of the new popular, pluralist and democratic government which is realizing Nicaragua's regeneration and rebuilding with the consensus and mobilization of the broadest masses of citizens.

Of course events in Latin America are marked by terrible difficulties, and a succession of popular thrusts and pitiless reactionary regressions.

The coup d'etat in Bolivia, the daily massacres in El Salvador and Guatemala--of horrific brutality and dimensions--indicate the scale of the ferocity of the oligarchies and imperialist interests clinging to their own economic and political privileges. But in Bolivia the democratic forces which gained the majority in the elections are organizing themselves in resistance around the legitimate government forced into clandestinity; and in El Salvador and Guatemala peasants, workers and students are continuing their battle.

During the past decade in Latin America an entire generation of revolutionaries--Marxists, nationalists and Christians, ranging from President Allende and General Pratts to Archbishop Romero and thousands of unknown dead--has sacrificed itself in the struggle for independence and social justice.

It should cause no surprise, the PCI secretary general continued, that we communists draw attention to reactionary regimes in such distant countries. We do so because our internationalist spirit knows no geographical or ideological borders; but we do so also, he added, because too many Italian democrats forget about these burning realities or seem to accept them as unpleasant, admittedly, but on balance inevitable.

The same things seem to be happening in connection with the coup d'etat in Turkey. And yet in this case we have a country which belongs to the same alliance as Italy, Berlinguer exclaimed. Following the military coup d'etat in Turkey there is once again within NATO--as was the case in the past with Portugal and Greece--a country in which all democratic guarantees have been eliminated. The NATO chiefs in Brussels do not seem in the least concerned about this and indeed are making their satisfaction known. What will the Italian Government say and to now? the PCI secretary general asked.

But, he continued, we talk about the situations in Africa, Latin America and Asia partly also because the events taking place on those continents show that the third world's advance toward becoming a protagonist on the contemporary world scene--a phenomenon of incalculable importance peculiar to our own era--is taking place in a process full of good things and bad things, marked by very harsh peoples struggles against past and present rulers, against fierce and corrupt oligarchies and against underdevelopment and famine.

This raises the question: What are our duties, what role awaits the Italian and West European workers' movement in supporting this advance and those struggles and ensuring that they lead to the progress of all mankind? Berlinguer asked. Solidarity with antifascist and liberation movements, of course. But solidarity is not enough. Furthermore the struggle against famine and the struggle for development are waged not only with economic and food aid, but essentially through a reform of the production structures and of trade, which will enable the Latin American, African and Asian countries to participate in a new international distribution of labor and in the establishment of a new world economic order stemming from cooperation among the capitalist West, the socialist countries and the third world.

Hence the need for detente, peace and arms reduction--a need which implies the negotiated resolution of current conflicts, the cessation of the use of force and power politics, observance of the independence and sovereignty of every people and every state and the establishment of relations of trust and active cooperation between the major powers, whose opposition hinders and compromises any positive developments in the complex world relations and indeed increases the terrible danger of another war.

But, turning to us Italians and Europeans, hence too the need to ensure the specific advance of society's transformation in a socialist direction.

Hitherto Western Europe has acted as though deaf to the need for real world cooperation, as a force without initiative, courage or far-sightedness, the jealous custodian of its own crumbling privileges. Even through the EEC it has pursued a policy which, despite our efforts and those of some other European workers' parties, can be described in sum as a policy of tenacious conservation or rather of protecting (protectionism would be a better word) its own prosperity to the detriment of the third and fourth worlds.

Today the paths followed by development in Italy and Western Europe, which have made it intensive but distorted, imbalanced, unfair and inhuman, have reached their furthest limits. A transition to a lifestyle and modes of consumption, production and study less wasteful and qualitatively superior to and more efficient than those which characterize our society at present has become indispensable, is demanded by the situation and is made pressing by the aspirations of all Italy's and Europe's regenerative aspirations and by the need for contributions to uplifting the depressed areas of the world and within Europe and Italy themselves.

In short, Berlinguer stressed, there is now an inalienable need to introduce changes and transformations that will provide a different and unifying goal for people's work and intelligence and move toward socialism.

Of course a form of socialism as we understand it, that is, which transcends--while valuing them--the experiences and realizations that have marked the stages on the path of the workers' movement for a century of history in Europe and throughout the world.

The need for socialism, but for a form of socialism that will establish itself and develop within democracy and freedom, is felt and has emerged historically not only in the West but also in the East--and not only in Europe.

Everywhere the extension of democratic life and popular participation is proving to be more and more the essential precondition for the very development of the economy and for social gains, as shown by events in Poland. Of course the paths that each country will pursue to reach this goal cannot fail to be different.

It is not up to us, the PCI secretary general said, to supply models, since the very idea of models valid for everyone is alien to our theoretical formulations and political practice. But what we do feel we can say with confidence to the comrades in socialist countries is that, as Togliatti said, everything that demonstrates progress toward the elimination of restrictions on freedom and progress in democratic participation is a blow dealt to the enemies of socialism and communism and strengthens throughout the world the magnetism and power of conviction of the socialist ideas.

It is in this spirit that we have watched and are still watching past and present events in Poland, acknowledging their positive aspects and the balanced way in which the various protagonists in these events have behaved in recent weeks; but we have not concealed from ourselves the complexity and gravity of the economic, social and political problems that must be resolved there and the uncertainties inherent in the process that has been begun--uncertainties linked partly to the international situation.

Our sincere and heartfelt wish is that Poland will advance along the path to socialism and democracy.

But our principal task is to make more intensive and effective the struggle here in our own country to advance our own path to socialism, which has very different characteristics from the paths which the countries where socialism has been realized hitherto have pursued and might pursue.

PAPER ASKS LABOR PARTY TO CONSIDER ALTERNATIVE TO STOCKPILING

LD171437 Oslo AFTENPOSTEN in Norwegian 16 Sep 80 p 2

[Editorial: "The Nation's Security"]

[Text] Since we joined NATO in 1949 a central task for Norway has been to create the correct conditions for allied help should this prove necessary. The certain knowledge that reinforcements from abroad can arrive in time is--and has been up to now--the necessary prerequisite for us to maintain our present base policy. But if we are to be able to maintain a policy which excludes the stationing of allied forces on Norwegian soil in peacetime, the possibilities of receiving reinforcements in a crisis situation must be acknowledged to have crucial importance. Contingency stockpiling of allied equipment has thus been a stable element in Norwegian defense planning since the end of the fifties.

The change in the balance of power in the northern regions, with significant Soviet supremacy both at sea and in the air, has led to a situation where it would be increasingly difficult to receive help from outside if the worst were to happen. We have now reached a situation in which the projected deployment of allied reinforcements, primarily from the United States, could not be carried out because important elements of their materials have not been stored in Norway in advance. This means that the very foundation of our defense policy has collapsed. The question is: Can the government neglect to put matters right? Can the government--in the national interest--neglect to adopt the measures which our new security situation demands?

The Labor Party national executive has now decided that these questions will now be discussed and answered by the party's various bodies. It wants to use the time available to 'obtain more reliable information and more advice from the man in the street,' to quote former Labor Party Youth Federation chairman, now Minister Siddel Roenbeck. But we cannot ignore--as the prime minister pointed out at the weekend--the fact that the government, according to both our constitution and traditional practice, has special responsibility for the country's foreign and security policy. A policy which is credible and uniform. Let us for our part add: A responsible government is bound to take account of certain matters that a party or a party-opposition can choose to overlook. In foreign and security policy the government must act

on behalf of the whole nation. It must, in a nutshell, take account of the realities that surround us.

Tonight the representatives of Oslo Labor Party will debate a proposal for action from the Oslo party executive, which expresses skepticism about the plans for contingency stockpiling of U.S. military equipment in Norway. If the representatives--contrary to expectations--adopt a resolution along these lines, the government's future treatment of the matter will be further complicated, both internally and externally. As Prime Minister Odvar Nordli quite rightly points out, we are here dealing with an essential part of our membership of NATO. That is how serious it is.

In an extremely thought-provoking article in ARBEIDERBLADET last Saturday the prime minister emphasized that the question of contingency stockpiling of equipment for the allied help we will need if we are attacked is really a question of whether the policy we have pursued since the fifties will continue to be credible in the future. And the prime minister went straight to the crux of the matter by hinting that without contingency stockpiling we could be forced to undertake a reevaluation of our defense system.

So what would be Norway's alternative to NATO's joint defense solidarity? The Oslo Labor Party executive ought to give us an answer to that question before messing with the nation's security.

CSO: 3108

LABOR PARTY LEADERS DEBATE STOCKPILING ISSUE

LD220831 Oslo AFTENPOSTEN in Norwegian 17 Sep 80 p 3

[Article by Eivind G. Karlsen: "Labor Party Stockpiling Row Continues to Rage"]

[Text] The row over contingency stockpiling--and security police--will continue to rage within the Labor Party and within its Oslo branch. Oslo party representatives were unable to reach any conclusion yesterday except that the debate will continue and that the matter will be discussed again at a new meeting on 11 November. Meanwhile, according to Chairman Thorhjoern Berntsen, attempts will be made to reach a compromise. But in reality it is extremely uncertain whether a solution exists on which both supporters of stockpiling and NATO membership and skeptics and opponents can agree.

After the meeting in Samfunnsalen yesterday evening starting member Berntsen expressed for his party hopes that disarmament negotiations between the United States and the Soviet Union could reach a point where contingency stockpiling of U.S. heavy equipment in Norway might begin to seem less necessary or desirable. Former Labor Party chairman and former Prime Minister Einar Gerhardsen was, according to Berntsen, among those favoring the idea that a solution should be sought which the vast majority of Labor Party members would be able to support.

Among the others who favored this idea were, according to information received by AFTENPOSTEN, Foreign Minister Knut Frydenlund, Defense Minister Stoltenberg and his predecessor, now environmental affairs minister Rolf Hansen.

After only 17 of the 37 intended speakers had spoken, the debate was already intense. It moved to and fro--both for and against the executive's skepticism toward the government's contingency stockpiling plan. It was also made clear that Norway's NATO membership was not on the agenda, despite the fact that Prime Minister Odvar Nordli has connected the question of contingency stockpiling to it.

Yesterday's first speaker, Defense Minister Thorvald Stoltenberg and schools chief Helge Sivertsen, were clearly of opposite views.

In his contribution to the debate the defense minister pointed out, for example:

"If we say not to contingency stockpiling in principle, we are saying no to reinforcements in practice. If this happened, we would be caught up in a serious reevaluation of our security policy. It is our security that we are talking about. It is the preservation of peace and stability in our area that we are here concerned with.

"The contingency stockpiling now being discussed will help to keep us in the situation in which we have been since 1949: That we can have allied reinforcements if we want them, and that there is a realistic possibility of these reinforcements' arriving quickly.

"Despite the troop buildup around us we are trying to preserve a situation in our area that everyone today seems to agree has contributed to detente.

"What we are discussing is whether we should continue the security policy shaped by the workers' movement and pursued by changing governments in Norway since the war" and Stoltenberg asked, "why should we say no to stockpiling land defense equipment when we have been stockpiling for aircraft since the 1950's?

"The Soviet Union has gradually built up a large fleet in the north with both submarines and surface vessels and aircraft with nuclear and conventional arms. These forces could hinder reinforcements from reaching us. This in turn would mean that the allied reinforcements on which we have been counting ever since the war to come to our defense in a crisis would have great difficulty in reaching us, or in the worst case would not reach us at all.

"Today a Norwegian government would have to call for reinforcements several weeks before the time at which the government could expect to need such reinforcements," Stoltenberg pointed out, "such a call would in itself heighten tension in an already difficult situation. Every government would hesitate to escalate a conflict. But then the government would also have to assume responsibility for reinforcements' failing to arrive if and when needed. This is not a satisfactory choice. It promotes not peace and detente but the opposite: uncertainty and hazard.

"We must demand of ourselves that we will always try to pursue a policy that will have practical results--namely, disarmament negotiations that will prevent the spread of more nuclear arms and ideally will lead to a reduction in the numbers of such arms in the world today. The government feels this to be a natural obligation," the defense minister stated.

[LD220833] Schools chief Heige Sivertsen, government disarmament committee chairman, stated by way of introduction that the matter of contingency stockpiling had not been submitted to the committee. He declared that it was still his opinion that it is right for Norway to remain in NATO, which, he stressed, should be a defense alliance in the real meaning of the word.

Sivertsen concluded his remarks on the contingency stockpiling issue now being discussed as follows:

"For the time being I am skeptical of the effect of stockpiling more U.S. equipment at present without a more detailed analysis of the new situation created by the tension between the superpowers. And if stockpiling is to take place, it is in my view crucial that by doing so we do not increase the risk of nuclear arms' being used in Norway. It has been said that the artillery, could be used to fire nuclear shells.

"A prime consideration for both the Soviet Union and the United States is that war should not affect the people in their countries," Sivertsen said. "The conclusion we must draw from this is that if nuclear arms are to be used, attempts will be made to limit the nuclear war to Europe, the new nuclear strategy seems to intend the active use of nuclear arms. This adds a completely new dimension to the catastrophe of war. It is not only a question of degree. It is a fundamentally new situation which we must bear in mind when considering strengthening our own defenses. This new situation has not been included in open discussions, but we must take some account of it.

"We can ask ourselves what U.S. nuclear strategy in our area would entail. I do not know if the government knows about it, it would surprise me if it did. Nor do we know anything about the Soviet Union's plans for such a contingency. But what we probably can say for sure is that, if the two giants confront each other in the north, we will have the risk of nuclear war on our very doorstep.

"In a speech in Horten the prime minister asked us not to lose our sense of proportion in this matter. He reminds us that the stockpiling that is being discussed amounts to 3 percent of the total force which we in Norway could mobilize, for which equipment is stockpiled throughout the country. He also stressed that limited contingency stockpiling for U.S. forces would have a deterrent effect because it would make it clear that an attack on Norway would also meet direct American resistance. I have great respect for our prime minister and his judgement. There is something in the two points he makes here. But, at the same time as little is made of the intended U.S. stockpiling, it is also said that the present measures are 'necessary prerequisites for Norwegian bases policy in the next few years.'

"If the latter is his view, then the issue is of great importance," Sivertsen said, and asked: "What does this mean? Does it mean that if we do not have this U.S. stockpiling the government would propose a change in base policy? Does it mean that we would lift some or all of the restrictions we have placed on ourselves? It must seem to the ordinary reader that the government has voted to have foreign troops stationed on our territory in peacetime too. Closely connected with base policy is also the declaration on the restrictions on nuclear and chemical weapons. Will these also be lifted? I only hope that the prime minister's meaning has been misunderstood," Sivertsen added.

PAPER PREVIEWS NORDLI'S VISIT TO CHINA

LD221335 Oslo ARBEIDERBLADET in Norwegian 18 Sep 80 p 6

[Unattributed report: "Nordli to China to Sign Cooperation Agreement"]

[Text] An agreement between China and Norway on cooperation in the technical, economic and industrial fields will be signed in Beijing when Prime Minister Nordli visits China next week. In a conversation with ARBEIDERPRESSEN Nordli pointed out the challenge that the Chinese modernization program offers in this connection.

Nordli will stay in China from 22 through 29 September with a 13-strong delegation and will be returning the visit made by Chinese Deputy Prime Minister Geng Biao to Norway in May 1979.

Nordli will have talks with Chinese representatives on the political and economic situation in China, on international questions with special emphasis on Asia and Europe, and bilateral questions concerning trade and technical-economic cooperation.

"Apart from being an official return visit, the visit has no political overtones or undertones," Nordli said. "It is of general interest to us to have the broadest possible range of close international contacts. This is especially a result of our country's strongly outward-looking economy," Nordli said.

"Through developments that have taken place over the last few years we have met a significant challenge in the light of the modernization program drawn up by the Chinese government. It is of vital importance for us to be in the picture and to be able to develop cooperation with the Chinese. This is also underlined by the fact that we expect to sign an agreement between China and Norway on technical, economic and industrial cooperation," Prime Minister Nordli announced.

Work in this field has been going on for some time with the goal of establishing cooperation on oil, especially offshore projects, and the expansion of hydroelectric power. "The framework agreement that will be signed is thus the superstructure over the more concrete projects that must be

negotiated and developed in direct contacts between Chinese and Norwegian industry," Nordli said, pointing out also that there would be a credit agreement.

The talks on foreign affairs will probably deal with matters in the immediate vicinity of the two countries and be more like briefings. On the Chinese side China's new Prime Minister Zhao Ziyang and Chinese ambassador to Norway Ding Guoyu will take part.

Prime Minister Nordli stated that he attached great importance to putting the Norwegian view on the necessity of detente.

Prime Minister Nordli, who will be taking his wife with him as well as Lars Skytteen, said that this was one of the most exciting visits he has faced. He is visiting this part of the world for the first time. "I have--and I really mean this--a deep respect for Chinese culture and the attitudes that one has met in literature," Nordli said, and looked forward to experiencing a very small part of what he does not doubt will become a great political and economic power in the future.

The prime minister's entourage will contain representatives of several government ministries and of the Norwegian export council.

The undersecretaries from the prime minister's office and Nordli's personal secretary will accompany him, and the trade ministry, industry ministry, oil and energy ministry and foreign ministry will be represented.

The visit to China will be rounded off with a trip to Shanghai. This part of the program includes visits to agricultural collectives, handicraft factories and a people's commune.

CSO: 3108

SWITZERLAND PREPARES FOR CSCE CONFERENCE IN MADRID

Zurich NEUE ZUERCHER ZEITUNG in German 24/25 Aug 80 p 17

[Article by Bue: "Switzerland Before Madrid CSCE Conference"]

[Text] Against the background of the occupation of Afghanistan, what is the significance of another follow-up meeting to the Conference on Security and Cooperation in Europe (CSCE) for a neutral country like Switzerland? As is well known, such a meeting will be convened in Madrid in November, 1 week after the American election day. The delegations will meet there as early as 2 weeks from now, on 9 September, for a preliminary conference to prepare the modalities for the main negotiations.

The question is not intended to throw any doubts on the fact that concepts like "security" and "cooperation" are also, or particularly, taking on greater importance for the neutral or small state at a time when tensions are growing or high in international relations and between East and West. Doubts can arise, however, when it comes to establishing what significance or how much significance should be attached to a conference of 35 nations, discussing security, cooperation, detente and nonintervention or other elementary principles of international coexistence, when one of the conference members has grossly violated these principles and is doing nothing to reverse this violation. Is there not a great danger that negotiations at a common table will ignore the fait accompli, the real reason for the increased tension, and talks about detente and security will essentially be only a sham? And how can this danger be avoided?

Soviet tanks and soldiers in Afghanistan are threatening and running over the independence of a mountain people in a relatively small country. Its resistance against infringement from the big bear and its desire for freedom aroused the sympathies of other nations from the very beginning, particularly small countries like Switzerland with its own old tradition of independence. The Soviets, however, are not only stepping upon the freedom of a small neighbor far away in Asia. They are simultaneously disregarding and violating the principles that they signed 5 years ago in the Final Act of Helsinki, together with Switzerland and 33 other countries, and which they solemnly pledged to uphold.

At that time, the Soviet Union signed a document which does not stipulate "divisible," but rather "detente in a universal sense," and which indicates that the right of self-determination applies to all peoples and nations. When the Soviet Union invaded the Hindu Kush mountain state, it cast a severe doubt on the principles that are also our principles and that were intended to be common principles as established in the Final Act. Many Swiss people, as citizens and as soldiers, are asking themselves whether it makes sense to sit down with them at the same negotiation table before the act of threat--which indirectly is also directed at us--is terminated.

Following occasional doubts that were expressed here and there in spring (and which could now be renewed because of unpleasant developments in Poland), the governments of all Western CSCE nations from the United States to San Marino, including the Swiss Federal Council, have come to the conclusion that it would be more advantageous and prudent to go through with the follow-up meeting rather than to block it. Especially since the Final Act is not only the kind of stand-by peace treaty and border security pact that was the original concept of the Soviet conference initiators, but, thanks to Western efforts, it goes beyond this and binds all signatory nations to elementary principles of international law, free international relations and human rights; it represents an instrument for controlling the political behavior of conference nations, an instrument which should not be abandoned. A policy of an empty chair could be convenient for the Soviet power.

The CSCE follow-up meetings which were agreed upon in Helsinki were intended to be precisely in the form of a controlling forum, a stage for "increasing the exchange of opinions" on "implementation of the provisions of the Final Act" and the concrete execution of tasks defined by the conference. Ordinarily, international conferences hardly ever devise a program of duties which requires that account must be demanded and rendered to one another to show that every item of the provisions has been observed in an equal manner and that an interim balance must be prepared every other year. Consequently, agreements of international conferences often are soon forgotten. The follow-up meetings of the CSCE, however, are providing this opportunity for a periodic "operation truth."

There are various reasons why, within the framework of such an accounting, it cannot be the business of a small neutral country like Switzerland to make strong demands for the withdrawal of occupation troops. On the other hand, Switzerland certainly cannot deny its own most original interests in freedom and security either, by failing to firmly express in Madrid its deep concern about the violation of the principles established in the Final Act. This concern applies not only to the disregard for the right to self-determination of peoples and to the fact that since the CSCE meeting of Belgrade, there has been one more incidence when power won out over right. It applies also to violations of freedom and human rights which were evidenced in the banishment of Sacharov, as well as the still existing difficulty of "cooperation in humanitarian and other areas" ("Basket Three" of the Final Act).

One prerequisite, however, must be met if the debate on the balance of past "implementation" and compliance with the provisions of the Final Act is to take place. It must be without cover-up and extenuation, without putting on a front--which does not mean subjective and fruitless polemics; only then can it be meaningful to begin the second phase of the conference and talk about the "expansion" of mutual relations and the "improvement of security and the development of cooperation in Europe" and the "future development of the process of detente." Nevertheless, "detente" must not be synonymous with giving in and falling into line by those who are subjected to and suffering from "tensions" imposed by third parties. Detente must be demanded of those and supplied by those who are themselves the initiators of new international tensions. Only when this condition is met can meaningful conference negotiations take place about so-called "trust-building measures" for the security of a Europe extending from the Atlantic to the Ural mountains--i.e., inclusion of the western part of the Soviet Union in an inspection zone--although the practical significance of any of these measures may be limited.

During this second phase of the Madrid Conference, neutral Switzerland will present two concrete projects. Together with Austria and Spain, the host country, it will submit proposals to facilitate "freer and more comprehensive dissemination of information" in the spirit of the goals of the Final Act of Helsinki. And it will continue to pursue the old Swiss idea for establishing an arbitration method for the "peaceful settlement of disputes."

The facilitation of access to and free international dissemination of information, whether it applies to the work of journalists or unrestricted access to printed matter and other media for the public, is of practical significance as well as of principal interest in connection with "Basket Three" of the Final Act. It seems important that the formulations promote direct freedom of access and dissemination and that they not be used as a pretext for new bureaucratic control measures and state intervention. It is understood that in totalitarian states, progress in this area can only occur in very small steps anyway.

The Swiss proposal for an international method of peaceful settlements of disputes presents a kind of general test of the inner value of the principles and declarations of intentions proclaimed in Helsinki. When this Swiss idea was thoroughly confronted for the first time with international realities, during the CSCE meeting of experts in Montreux in the fall of 1978, it became evident that one should have no illusions about a quick realization of this project. It does not reduce the meaning of the exercise, because it reveals the relationship between the mentality of power and the idea of justice in international politics. Consequently, the small state bound by international law would do well to call for another conference of experts while meeting in Madrid, as was planned by the participants of the negotiations in Montreux. Last but not least, this request also contains a piece of self-preservation of the neutral and the idea of neutrality.

Nevertheless, it has already been intimated that the cloud of uncertainty which is hanging over the entire undertaking of "Madrid" has recently been particularly oppressive because of developments in East Europe, especially the situation in Poland. A new Soviet intervention, like the one in Hungary in 1956 and in Czechoslovakia in 1968, would cause the complete collapse of any future diplomatic exercise of detente, which since Afghanistan has been on a precarious footing anyway.

8991
CSO: 3103

POLICE CONFISCATE LARGE AMOUNTS OF EXPLOSIVES

Zurich NEUE ZUERCHER ZEITUNG In German 7/8 Sep 80 p 21

[Report by "na": "Forty Kilograms of Explosives Confiscated--Main Culprit on the Run--Connection with AJZ [Autonomous Youth Center]?"]

[Text] The Zurich police have confiscated almost 40 kilograms of gelatine explosives intended for the "defense" of the Autonomous Youth Center in the Fifth District of the City of Zurich and obtained in a burglary of a construction business in Walenstadt. The main culprit sought by the police is 21-year-old Harry Pfiffner, a cook at the AJZ.

Europabruecke Used as Hiding Place

Persons at first unknown had seized 192 sticks of explosives and a small safe in a burglary of the construction business in Walenstadt in the night from Wednesday to Thursday. At that time the only clue to the identity of the burglars was a red passenger car which had been used by the culprits. Already on Thursday morning city police received information about a cardboard box hidden inside one of the pillars of the Europabruecke [Europe Bridge]. An investigation showed that the package contained 180 gelatine explosive sticks of 200 grams each. As yet the police had nothing concrete to go on as to who had apparently temporarily deposited the explosives there. Finally, the attention of a patrol of the airport security police was drawn at 0300 Friday morning to a red BMW whose driver turned around when he saw the police car and tried to get away. After a brief pursuit the BMW was stopped at Glattbrugg. In the trunk of the car the police found about 2.4 kilograms of explosives and the small safe of the Walenstadt construction business. The 21-year-old driver of the vehicle admitted at once having participated in the burglary. In addition he was able to name the main operator of the coup--Harry Pfiffner. The name of the latter had been mentioned before by the St Gallen Cantonal Police in connection with the burglary in Walenstadt. Finally the whole truth came to light. It had been planned to take the explosives to the AJZ at 18/20 Limmatstrasse in Zurich, to be used as a weapon against the "fuzz" in the event of a police raid. This was not accomplished because on arrival in the Fifth District in Zurich Pfiffner and his accomplice had noticed that strong police forces had occupied the AJZ; they thereupon temporarily hid the loot at the Europabruecke. The accomplice arrested in Glattbrugg had received not quite 2 1/2 kilograms of the explosives for his services as a driver. The safe was supposed to have been opened jointly at a later time.

'Defense With Every Means'

The defense strategy of the militant forces in the AJZ, providing for the use of explosives, exposes not for the first time the criminal intent of a small group of AJZ users. As reported in some editions of this paper, police action against the youth center had been planned for as early as 18 August, but it did not come off because of an indiscretion. A pirate transmitter (not, as reported erroneously, the TELEFONZEITUNG) had spread the news of an imminent police action even before the police force had been informed, and thereupon, in addition to the evacuation of wanted persons, instructions were issued for the "defense" of the youth center "with every means." Among other things, at that time sizable quantities of bricks had been taken to the roof of the former factory.

Police are now looking for the 21-year-old Harry Pfiffner as the main culprit. Until a short time ago he worked as a cook in the kitchen of the AJZ. The wanted person is 184 centimeters tall and slim. He has short wavy dark-brown hair and wears a moustache. He is described as being disheveled. For information leading to Harry Pfiffner's arrest, the responsible authorities have set a reward of 3,000 francs. Information is requested to be directed to the Zurich City Police, telephone (01) 216 71 11, Zurich Cantonal Police, telephone (01) 247 22 11 or the nearest police station.

8790

CSO: 3103

POLICE SEARCH AUTONOMOUS YOUTH CENTER

AJZ, Youth Riots Connected

Zurich NEWS ZÜRCHER ZEITUNG in German 7/8 Sep 80 p 22

[Statement by Zurich City Counciling Frick; date and place not given]

[Text] The police president of the City of Zurich has issued the following statement:

Since the youth center at 18/20 Limmatstrasse [Autonomous Youth Center (AJZ)] was opened on 26 June 1980, it has been noted that events in and around the youth center have not kept within legal bounds by any means. Complaints the police had to deal with have ranged from causing undue noise to the charge of catering without license to criminal offenses of various kinds. Juvenile and district attorneys repeatedly issued arrest warrants which could not be executed by police using normal forces, what with inhabitants of the youth center repeatedly preventing the police from doing their job. Thanks to intensive surveillance around the premises, the police anyway managed to clear up 191 offenses and to arrest 158 persons. Nevertheless, the police knew that persons against whom warrants for arrest had been issued were permanently staying in the youth center. In light of the large number of persons who were staying in the center overnight at any given time, cantonal and city police saw no alternative but to move into the youth center in a large-scale joint action in order to apprehend and remove the wanted persons. Only by employing an appropriately large number of police was it possible for this action to proceed smoothly. The need for it was proved by the result: the center was housing 29 persons against whom arrest warrants had been issued and 29 indigent aliens. Offenses for which the persons had been cited were: Theft, endangering life and limb, narcotic offenses, breaking and entering, bodily injury, robbery and fraud.

The action thus was successful and met in all respects the requirement of proportionality of action. Following a decision by the City Council that the youth center was not to be reopened until its management within the framework of our legal system was insured, in the course of the afternoon [no date given] more and more demonstrators gathered in front of the premises at 18/20 Limmatstrasse, and this led to an ever-increasing number and increasingly

serious confrontations around the youth center. Police were pelted with rocks and Molotov cocktails. In the course of the evening, particularly after the plenary meeting in the Volkshaus had ended, the confrontations shifted to all of the inner District, with the demonstrators raging like vandals and causing massive damage to property. Despite the fact that action platoons of the cantonal and city police were employed fully and continuously and another 27 arrests were made, it was unfortunately not possible to prevent the sizable damage to property.

I utterly condemn these actions by clearly criminal elements and thank all police in constant action for a job well done in difficult circumstances. I am convinced that the police enjoy the support of the overwhelming majority of the population.

Unfortunately it can be expected that there will be further unauthorized demonstrations and excesses in the next few days. The two police forces will make every possible effort to prevent new damage to property. In doing so, it will be difficult for the police to distinguish between curious onlookers and demonstrators. I therefore urgently request the population as far as possible to keep away from the demonstrators. I request all shop-owners to take possible protective measures, such as the lowering of rolling shutters, promptly enough to keep any damage as low as possible.

City, SP Policies Criticized

Zurich NEUE ZUERCHER ZEITUNG in German 7/8 Sep 80 p 22

(Statement by the FDP [Radical Democratic Party] of the City of Zurich)

[Text] The FDP of the City of Zurich has issued the following statement:

The events of the past 2 days have shown that the policies of the City Council and the Social Democratic Party [SP] of the City of Zurich in connection with the so-called youth riots have failed. This means that another experiment with an "Autonomous Youth Center" (AJZ) has also failed. In the course of its previous vacillating policies, the City Council allowed an extralegal area to be created in the AJZ and tolerated it for too long. The results of the check of personnel of last Thursday confirmed long-held public assumptions. The FDP calls on the City Council now to cancel the agreement concluded with the SP as to who was to be responsible for the AJZ.

The SP during the entire duration of the agreement has failed to fulfill the spirit and substance of the agreement. For months SP management made common cause with the "movement," and since the conclusion of the agreement it has sat idly by as the law was continually being violated in the AJZ. These policies have clearly foundered. The SP management bears full responsibility for this. By identifying with the "movement," the SP also opposed the policy of its own city councilors. The statement issued by the SP on Friday, in which the City Council once more is blamed exclusively for the latest events is the pernicious culmination of a political demeanor whose disgracefulness cannot be excelled. With extreme demands amounting to an ultimatum the SP

is trying to force the City Council to cancel the agreement unilaterally. The SP thus believes and hopes to be able to shirk its responsibility at the last moment and to wash its hands of the affair. In doing so the SP management has delivered further proof of the fact that it cannot be trusted in any way as the party to an agreement. Any further negotiations between the City Council and this party, which has left things in an utter mess, would no longer be understood by the public and would be rejected by it.

The FDP holds the view that the closing of the AJZ does not solve the problems that have arisen. We call on the City Council to invite representatives of parties and of the party groupings in the Municipal Assembly to discussions about what is now to be done in order to try jointly to find a solution. Last Wednesday the Municipal Assembly, in passing the instruction of the City Council for "supporting the work of youth," manifested the desire to make an effective contribution to solving the problems of youth. Since City Councillor Lieberherr for years has failed to develop a broadly supported and practicable youth policy, the greatest importance attaches to this decision of the Municipal Assembly, whose contents are the result of joint efforts by all democratic parties.

SVP for Strict Measures

Zurich NEUE ZUERCHER ZEITUNG in German 7/8 Sep 80 p 22

[Statement by the SVP (Swiss People's Party) of the City of Zurich]

[Text] The SVP of the City of Zurich has issued the following statement:

After the latest excesses in the City of Zurich, the SVP of the City of Zurich calls on the authorities to proceed with full determination against the delinquents. The climate has been poisoned to such a serious extent that unless the authorities proceed rigorously one will have to face the dire prospect of vigilantes being formed. The SVP therefore asks all citizens to keep calm.

Specifically the SVP demands the following: 1--Measures should be taken to lend the necessary protection to citizens and tradespeople at the locations in jeopardy. Further, the authorities should help them to have their claims for indemnity honored. 2--The delinquents must make good the damage they have caused. The city or the canton, however, should make advance payments against the claims of those who have suffered damage. 3--To the extent possible, the authorities should undertake the prosecution, and see to the sentencing, of the delinquents. The question should be examined as to whether those who have violated the law include recipients of grants or other government benefits. If this is the case, payments should be canceled immediately. 4--The management of the Social Democratic Party had assumed responsibility for the youth center in which the police found arms and drugs and which, among other things, served as a hiding place for criminals; consequently the SP management should be held accountable. In this connection the SVP points out that it is the course of confrontation pursued notably by the SP leftwing in the past few years that has contributed substantially to the escalation of violence.

A12 Closed

Zurich NEUE ZUERCHER ZEITUNG in German 7/8 Sep 80 p 22

[Report on City Council session--Search for Someone Else To Take Over the A12]

[Text] The Office of the City Council of Zurich has issued the following statement:

At a special session Friday evening, the City Council dealt with the question of the assembly center. The City Council condemned the renewed excesses in the night from 4 to 5 September in the strongest terms and thanks all police for their exemplary action.

Inasmuch as the management of the Social Democratic Party has stated that it regards the agreement concerning operation of the assembly center as canceled, the center will remain closed. For a start, cleanup work will have to be done.

The City Council at present is in contact with various groups. The aim of the talks is to find someone else to take over the assembly center who will be in a position to assume responsibility vis-a-vis the city for operating it within the law. Among others, the City Council is holding talks with Pro Juventute. The City Council is also prepared to establish contacts with operating and user groups that have been in evidence in a positive manner at the assembly center, provided they are in a position to fulfill the necessary basic conditions.

8790

CSO: 3103

PRIVATE SECTOR PUSHING FOR FULL EEC MEMBERSHIP

Ankara TURKIYE IKTISAT GAZETESI in Turkish 31 Jul 80 pp 1,8

[Text of Union of Chambers and Stock Exchanges Chairman Mehmet Yazar's statement of the private sector's views on full EEC membership]

[Text] Union of Chambers and Stock Exchanges Chairman Mehmet Yazar has submitted to the government the views of the private sector that were jointly developed at meetings of representatives and leaders of chambers, various organizations, and private sector associations on the topic of hastening, without further delay, discussions on full EEC membership for Turkey.

The complete text of the jointly-prepared private sector's views that were submitted to the government follows.

At the close of its 1 September 1979 meeting, the Economic Development Foundation High Coordination Council announced to officials and to the Turkish people, in communiques Nos 1 and 2, the position unanimously agreed upon by the Turkish private sector on the subject of Turkish-EEC relations.

The first of these two communiques spoke of the need, for serious economic and political reasons, to apply as quickly as possible and prior to 1 January 1981 to begin negotiations for Turkey to become a full member of the community. The second communique reported on a request to freeze Turkey's obligations and proposals to ensure that associate relations, which had fallen into a total impasse, would be quickly resuscitated.

Our government, within the framework of the realistic and sagacious policy it pursued, first retracted the proposal to freeze obligations and then, through proposals made within the framework of principles applied in accordance with agreements, invited the EEC, which, in its own interests, was bent on reducing relations, to sit down at the bargaining table.

Discussions completed a short while ago at an associate council meeting held 30 June 1980 resulted in limited progress in comparison with the past. These talks, however, were unsatisfactory from the standpoint of being able for the associate membership to work under current conditions and of being able to prepare Turkey, as it should be prepared, for full membership. Nevertheless, it is realized that it is not possible, given the environment that exists today, to expect a different attitude, more realistic opportunities from the EEC and within the framework of associate relations.

It is possible to describe today's atmosphere of our relations with the EEC as follows:

During the first months of 1980, Turkey announced, at every opportunity and with the most official spokesmen, to the people of Turkey, Europe, and the world that it would request, by the end of the year, that discussions be opened so that it could become a full member of the EEC.

The decisiveness in the statements that were made induced in the EEC some doubts and worries. In addition, the EEC naturally believed that this request would be made quickly. The fact that, up until now, the necessary steps have not been taken has gradually led to a weakening in this belief. Furthermore, some EEC circles that appear to be determined to prevent Turkey from requesting full membership have gradually begun to spread their views within the EEC. These circles have transformed the problem from a declaration that the EEC wants no more "new members" to a mud-slinging campaign that goes as far as to debate whether or not Turks and Turkey are European.

There is no doubt that these efforts, the purpose of which are to remove Turkey permanently from its place in Europe, have gained courage and impetus from the failure of Turkey to request the opening of participation talks. If this request, which has become unavoidable to make, is delayed, the campaign against Turkey will progress further and will reach dimensions that are presently unimaginable. The problem is not merely one of having a negative effect on our relations in this area, but will lead to this or that member nation's calculating how the life of our nation fits in with its own basic interests.

It is not logical to make a request for opening full-membership talks an issue for domestic political debate. As in every area, it is possible to hold negative and opposing discussions on participation in the EEC in our country, which is administered with a free and parliamentary democracy. But, the topic here is not immediate participation in the EEC, but is the commencement of negotiations in order to determine the conditions for participation.

If an agreement is reached following discussions, its fate will be settled by the free will of the people, which includes all viewpoints, positive and negative.

In that case, to work to prevent, from the beginning, making a request for the reason that one is against it would be an irresponsible action, to put it mildly, and would deprive Turkey of significant benefits and help it could receive while talks were in session to emerge from economic crises and to develop.

When considering the serious results that can be forthcoming from a request to open talks regarding full EEC membership, it is understood that our government can take no other course than to deal with the subject quickly and take the necessary steps as soon as possible. The Turkish private sector believes that such a request, which is the natural conclusion of our government's intelligent position on relations with the EEC, will become a reality within a very short time.

I take this opportunity to give my respect to the high authorities and to submit to them these views agreed upon by the entire Turkish free-enterprise community.

11673

CSO: 4907

'CUMHURİYET' HOLDS OUT HOPE AGAINST TERRORISM

Istanbul CUMHURİYET in Turkish 16 Sep 80 pp 1, 7

[Editorial by Ugur Mumcu: "It's the Perfect Time"]

[Text] There are a myriad of reasons for terror. The reasons advanced may change from commentary to commentary, view to view but at least this fact must be accepted: One of the primary sources of terror and the most important and basic one feeding terror is arms smuggling. This is an undisputed fact.

It is of course wrong to view terror as being limited only to arms smuggling. The most realistic way to uncover nests of terror is by demonstrating the relationship between arms smugglers and terrorists. Unless this is done we will never arrive at any kind of realistic solution to terror. We have come to realize this over time.

Our readers will certainly recall the very pertinent incidents and documents concerning arms smuggling run in our paper. These pertinent documents and incidents sparked positive and negative reaction. The negative reaction came from those whose names are linked to arms smuggling.

A former arms smuggler named Ibrahim Teler n called me and said that he would disclose the names of smugglers; moreover, he sent a letter that contained tips. I had in vain expected a meeting with Telemen at his place where he would make the disclosures. They took into custody Telemen's former arms-smuggling partners in crime. Some time later we learned from the press that Telemen fell to his death from a room at the Opera Hotel, where he was staying.

Telemen, while revealing arms smuggling rings, provided the names of Huseyn Ugurlu and his son Abuzer Ugurlu. Huseyn Ugurlu was arrested, his son fled. Some time later, as the result of legal objections, Huseyn Ugurlu and those arrested with him were released. The judge of the court that made this ruling later retired of his own volition.

Later another pertinent event occurred. The press reported that Huseyn Ugurlu, known as "Baba" (Father) by the Istanbul underworld, had been kidnapped. Terrorists demanded a heavy ransom in exchange for Ugurlu's life. Meetings were held between son Abuzer and the terrorists. Again we read about the outcome in the press: Baba Ugurlu was rescued through an operation that had been mounted.

One day later they said that Baba Ugurlu wanted to speak with me. Huseyn Ugurlu sent word and said that he wanted to talk. Several days later "Baba" came to the Ankara Cumhuriyet Bureau. In the office of our bureau chief Hasan Cemal, I along with Cumeys Arcayurek from Hurriyet and Orsan Oymen from Milliyet listened to Ugurlu. Baba Ugurlu, with his lawyer whom he brought, tried to prove that he was not involved in arms smuggling, and he wanted me to stop the articles.

We did not stop the articles. After that date we worked to completely uncover the fact by digging even deeper into the events. And to this end we proved that the governor of one of our southeastern provinces was a close friend and confidant of the Ugurlu family. Some time after we demonstrated this we saw that the governor was assigned to the General Directorate for Security by the JP government. We reported this. The General Director for Security confirmed this close relationship in a statement he sent to our paper.

Meanwhile, I discussed smuggling with then Interior Minister Mustafa Gulcugil. I told him what we knew. This General Director for Security continued at his post a while longer and then was returned to the pool. He is now the governor of one of our coastal provinces!

We received all kinds of threats while we were putting out these articles. We encountered threats like being shot dead in front of the door or being thrown in prison on trumped up charges and murdered there. Weapons were fired in front of our door. As a result we started carrying pistols on our waists.

May I express my disgust that while our series about arms smuggling based on incidents and documents continued we did not receive any support or assistance from high-circulation papers.

These articles drew the attention of then President Korumurk. One day I was invited to the Cankaya Mansion by Secretary General Haluk Bayulken. I explained everything we knew to Bayulken. He took a great many meticulous notes on what I said.

On the one hand we continued the series on arms smuggling while on the other hand we followed the principle rulings of the courts on smuggling. We tried to keep you informed of these. According to the ruling of the Court of Jurisdictional Disputes, if a demonstrable connection between terrorists and arms smugglers could not be shown, cases would be tried

in civil courts. This ruling served to bind martial law authorities hand and foot. If there were no arms there would be no terror. Smuggling is one of the primary sources feeding terror. When smuggling was placed outside the purview of martial law, the possibility of getting at the source of terrorism was removed completely.

Our investigation has proved that narcotics smuggling is conducted hand in glove with arms smuggling. But our resources as journalists are limited. We have brought to light several incidents and documents using the restricted resources available to us. The rest is up to the state and, therefore, the state had better become a "state."

Why am I writing all this 4 days after the Armed Forces have taken control of the country? This is why: If the new administration takes on arms smuggling posthaste and uncovers the smugglers, their political connections, and their links with terrorists, it will have taken a very significant step in the war against terror. Since former legal and bureaucratic obstacles no longer exist, the new administration can achieve successful results in a very short time and get at the source of terrorism straight away.

CSO: 4907

NUMBER OF GECEKONDU DWELLERS BURGEONING

Istanbul TERCUMAN in Turkish 9 Aug 80 p 9

[Text] A study that has been conducted reveals that the housing shortage is growing at a head-spinning pace due to rapid urbanization in Turkey and notes that, if 1,427,000 new units are not constructed by 1983, a large number of citizens will sleep out in the streets.

The study published on this topic states that there is presently a shortage of 1 million units in Turkey and, added to this, there is a need for 340,000 new units each year. It goes on:

"In large cities, 50 to 65 percent of the population live in gecekondu, in shack housing. It takes a minimum of 250,000 liras to build a gecekondu at 1979 prices. Housing needs, which are increasing due to rapid urbanization, cannot be met due to the high cost of housing materials and the inability to construct the planned number of housing units. Urban housing needs have been estimated at 2,539,000 units, but only 2,040,000 have been built. Therefore, the housing shortage has climbed over 500,000 units in the last 15 years. However, this gap has been partially closed by the construction of gecekondu on the outskirts of cities. In this way, more than 500,000 gecekondu have been built in the large cities."

Within the next 4 years, another 200,000 gecekondu are expected to be put up on the outskirts of the large cities.

The study, which notes that there are absolutely no comforts in the gecekondu, says that, as a result of rapid urbanization, 30 percent of Turkey's population now reside in cities. It states, "Today, almost half the Turkish population lives in cities. More importantly, close to 30 percent live in cities whose populations exceed 100,000. These cities' infrastructural facilities and their municipal services are not equipped to handle this heavy burden. It is for this reason that residents complain about the water, electricity, and sewage systems. Roads are wanted. Communications services are expected."

The study reports that the cost of one social residence exceeds 1 million liras at 1979 prices and that Istanbul, Ankara, and Izmir are the cities to which most citizens stream from the villages. It goes on, "The reason for this is the increased job opportunities due to industrialization in these cities. They are led to find work in these cities as a remedy to hidden unemployment in the villages. Because of this migration, we have, in 1980, 31 cities with populations of over 100,000. In 1954, only four of our cities had more than 100,000 people."

Another study conducted at this time establishes that the percentage of renters in Turkey is growing each year and that 60 percent of the citizens of our country are currently renters. It puts forth the view that "this fact and this development make it absolutely necessary to pass a rental law appropriate to the realities that exist in Turkey in this day and age. The raising of rents in cities must be prevented. The construction of social housing by the state and private sector must be accelerated. The construction of luxury units must be blocked."

Workers' Housing

In the meantime, a report claiming that workers' housing constructed with credit provided by the SSK [Social Security Organization Directorate General] has led to various types of abuse states, "The housing policy of the SSK has long been bankrupt. The SSK has been trying to prove its ability to avoid 'sanctions' rather than trying to make workers owners of housing. This situation occurs through credit that is issued. Today, there are close to 2 million workers covered by social insurance. In contrast, the number of workers' housing units has not reached 100,000. If this rate of construction continues, workers will have to wait at least a thousand years to own a residence. The SSK must certainly speed up its mass housing program that will give workers ownership of residences and must take a series of measures to encourage the construction of mass housing."

11673

CSO: 4907

CORUM OFFICIAL ASSESSES PROVINCE'S VIOLENCE

Istanbul CUMHURIYET in Turkish 16 Aug 80 p 3

[Interview with Corum Assistant Governor Metin Ozkinay]

[Text] The consequences of the fascist slaughter that took place in Corum a while ago are being looked upon with great apprehension. Corum Assistant Governor Metin Ozkinay, who gave his impressions of the Corum incidents to CUMHURIYET, said, "The most important factor in the incidents' reaching such great dimensions was the administration's attitude." He continued, "Those who have caused, in a planned manner, the state administration to lose the qualities it once possessed have demonstrated once again through the Corum incidents what wrong they are perpetrating on the nation and its citizens."

Ozkinay reported that the residents of Corum feel hopeless about the future and that "the wounds of those who suffered losses are not being treated." Stating that the appointment of Corum Acting Governor Yuksel Cavusoglu took place in an unconstitutional manner, Ozkinay is one official who filed a complaint with the Council of State and requested that the appointment not be allowed. Ozkinay stressed that "it is necessary to pass, without delay, an administrative security law that would guarantee the selection of capable officials that will not be the cause of incidents such as those at Corum."

The following are Assistant Governor Ozkinay's responses to CUMHURIYET's questions.

Question: Will you, as an official who lived through the incidents, give a general analysis?

Answer: It is natural that I am not able to interpret the incidents from the standpoint of other current events as a newsman could or from a scientific standpoint as a scholar could. The best I can do is make an evaluation as an administrator who lived through the emotions of the incidents, who experienced the disorder, who was rendered submissive, and who considered fleeing in haste.

We cannot look at the Corum incidents as being separate from the economic, social, and political crises that are being experienced in Turkey. Because of this, I must ask, is it possible for a person who has received a serious education to take part in this much devastation against men and property no matter how severely he is provoked? When saying that the problem is only a part of the crises that exist in Turkey, the following questions come to mind. Can't the Corum incidents be considered to be the result of the creation of a consumer society in an underdeveloped nation? Are the Corum incidents the result of the scale reached by the problems of unemployment, the high cost of living, imbalance in the distribution of income, energy, and inflation? The incidents must be examined in the light of the dimensions reached. It is necessary to leave this to scientific organizations and to scholars. Despite all this, was there something that could have been done in Corum? I wish to make a general analysis within the framework of this question.

Administrative Weakness

It would have been extremely difficult for an incident to take place or to reach this scale in Corum if its social structure had not been out of kilter and if its residents worked in peace and in cooperation with each other, with mutual love, respect, and security. But incidents did take place. I attribute them to administrative weakness.

The judicial and military approaches to the problem were sound, and this was able to prevent the incidents from becoming a total massacre. While judicial and military units were performing in a praiseworthy manner, why did the administration remain impotent? Why did it gather negative points? Why were two of the state's three basic pillars strong and one weak? In my opinion, it is necessary to deal with this subject seriously. And without delay.

In a society that views the Turkish administrator as the "father of the state," it is the community that suffers in a most painful manner the penalty of the continual attacks being made on the administration in order to destroy it. The Corum incidents proved once again that community diseases develop with speed in places where the administrator is weak.

Choice Posts Expected

Question: If the blame for the Corum incidents is to be placed on the state, on whom would it fall?

Answer: The fundamental fault is in allowing the Turkish administration to reach its present state. The blame lies as much with our professional organizations and all our professional colleagues as with the politicians.

If you put in the select positions of the state "your men," who have served 2 or 3 years as district officials and then are brought to the capital, who

have done nothing for the nation or the profession other than await this appointment, who have not placed one stone on top of another, then you must not find it strange that the Corum incidents reached these dimensions. While there are hundreds of administrators that have emerged with state experience in our nation having earned the appreciation and respect of the community and while they are forced to kill time at clubs and vacation camps, harm has been done to the country by leaving the Turkish administration in the hands of unskilled, incapable, inexperienced, and uninformed persons who have isolated themselves from life. The duty of the administrator is to the community. Today, this duty is being neglected. The penalty for sending hundreds of experienced, cultured, capable, and brave administrators hither and yon, for making them passive, and for not putting them to work falls in the most heartbreaking manner on the community, on the people of Corum.

Question: Didn't you, as an administrator, think at all about the causes of the Corum incidents?

Answer: Would it be possible for me not to think of them? From our point of view, the cause of the Corum incidents was the deficiencies of the administrators. These deficiencies included the failure to know the community, the lack of experience, and apathy.

Yes, it is true that, had impartial actions been taken once the incidents had started, the incidents could have been suppressed in an instant. No one would have dared to start them again. A one-sided approach was taken against the people who were not aggressors, who defended themselves.

Powerful State

Methods of persuasion are being used against these groups. Means to cool down the anger of the community are being sought. Here, the most refined, the most delicate methods of a modern administrative unit are being employed. It is necessary to be as careful and knowledgeable as when performing brain or heart surgery. This course is the most difficult, yet the most healthy. The method of using force increases the possibility of community explosions. And, if blood is spilled, no responsibility is placed on the administrator. To the contrary, some circles honor him as a hero. Destroying the self-respect of the community cannot do anything but weaken the people and the state. A powerful state is one that does not use its power in an unnecessary show of force.

Wait-and-See Policy

Question: What do you have to say about the state security policy pursued against the aggressor groups?

Answer: The rule in administrative science is to use force in the face of rioting, pillage, arson. It is necessary not to confuse aggressive,

destructive groups with the groups that are silent or that only show a reaction against injustice.

The actions of an angry society begin to go beyond bounds. If no reaction comes and no measures are taken against those who begin by breaking glass, then burning, rioting, and looting begin shortly. The angry community has then been transformed into a sadistic community. It wants blood. If measures are not taken, killing begins. Hundreds of people are killed by the single word, "Shoot." All of this took place in Corum. The most important point agreed upon by social scientists is the need to come out with all the power of the state against an angry, resolute community whose actions have reached the stage of planning and attack. As is seen, it is necessary to use force against an assaulting group. In the Corum incidents, the administration failed to carry out this rule. Its indecisiveness and negligence cannot be forgiven. It brought about this bitter end. Its impotent, wait-and-see policy that is opposite that of modern administrative science has added a rotten page to the history of the Turkish administration.

Administrative Textbook

Question: Can a few examples of administrative errors be given?

Answer: Not a few. Many can be given. Think about this. In such an atmosphere, representatives are being appointed, and officials with no experience in mass incidents are being put into office. It all begins with big mistakes such as this. They turn toward the military and take refuge behind its protection. They do not consider any other measure besides military patrols to prevent possible incidents. The 2 July 1980 arrived because of this grave insensitivity. Homes and shops were destroyed. People were killed. But, for some reason or another, the curfew was lifted completely the night of 3 July 1980. Those outside the administration were astonished by this decision. They asked, "Didn't the Sunday incidents take place?"

As the Corum residents so well explain, the blame "falls on no one, always on others." This has left a black stain on Turkish administrative history. Officials are now being praised although the incidents ceased initially with no measures being taken after a momentary explosion that left only six dead, but was transformed in one night to incidents during which hundreds of homes and shops were burned and destroyed and about 50 people were killed. And, saying, "You were successful," their actions were approved. This should not have happened.

To those who say that there is no administrative textbook, we say there is. The Corum incidents reached such grave proportions, because attention was not paid to this book. We must learn a lesson from these incidents and must, henceforth, defend the need to pay respect to administrative science.

Citizens Being Worn Down

Question: Has life in Corum returned to normal?

Answer: Since May 1980, a series of mass terrorist incidents that have been planned and programmed and whose dimensions should not be underrated have occurred. Citizens no longer possess the notion of security for their lives or property. They have reached the state where they are open to persuasion. Citizens are being worn down. Whereas men were killed by torture, by being set alive, there are young girls and brides whose gold chains were torn off their necks and bracelets off their arms and men whose property was destroyed and set afire and who have nothing left to wear and no pot in which to cook, no dish from which to eat. They are all thankful that they are still alive.

They describe their situation in one sentence, "We have become refugees." The entire community speaks about this. The administration, however, is silent.

Those working in Germany are taking away their families, their children. Roughly estimated, between 100 million and 150 million Turkish liras that had been coming into the country will no longer be sent in. Thousands of people have abandoned Corum. Corum will no longer be able to benefit from what they could add to the province. The value of immovable goods has fallen rapidly. There are no buyers. The construction sector is in a state of crisis. Farm production has fallen. Unemployment has begun to grow. The economic wheels have begun to slow down.

The migration of hundreds of families has been completed. Stores and markets are deserted.

Economic and social decay are visible as far as the eye can see. This is how life goes on in Corum.

Question: What must be done, henceforth, in Corum?

Answer: Committees are formed when natural and mass incidents that reach the state of disasters occur. Their jurisdiction, numbers, and makeup are regulated by officials. These committees benefit from every source. They are volunteer organizations. Legal leaders organize these groups and make them functional. They provide coordination.

Committees, whose numbers and jurisdictions can vary, such as economic committees, are put into action to determine damages, to hear grievances, to make peace, to establish needs, to collect and distribute aid, and to halt migration.

These committees make an objective accounting of the incidents. By holding meetings and private talks with those who have suffered harm, they

seek to treat wounds within the shortest possible time and to uncover the causes of the incidents.

What Will Happen in Winter?

What will happen in the winter to thousands of persons who are left to live half-hungry in unfinished dwellings? How will the loss of property worth millions of liras be handled? The job of collecting and distributing aid must be carried out by sincere and trustworthy committees that are ensured, to a great extent, the participation of the state.

It is painful to survey the heartbreaking scene of the cross-sections of burned, demolished, and mercilessly destroyed homes looking as if an air raid had taken place. These buildings must be quickly repaired and must be guaranteed to be sound. It must be ensured that the former owners return to them.

Question: Can Corum's wounds be healed?

Answer: It is very difficult to heal the wounds that were opened, to solve the problems that led to mass explosions. It is not possible for anyone to solve the problems alone. As I explained previously, if an administrator does not have broad aid and support in the form of organized committees, he is destined to be crushed by the weight of the problems. He can garner aid and support only through his own efforts. Despite all this pessimistic tableau and all these delays, the wounds can be healed if problems are approached in a nonpartisan, healthy manner.

Corum today consists not only of those killed or wounded in the wreckage, of the houses and shops that were ruined, burned, and demolished. It includes all the people of Corum. For this reason, the Corum people will help in every endeavor that is nonpartisan, well-intentioned, heartfelt, and intelligent. There is no problem that cannot be solved with the sincere participation of the people.

11673

C90: 4927

ERBAKAN CHARGES RACISM IN SUNNI-ALEVI CONFLICT

Istanbul AYDINLIK in Turkish 20 Aug 80 pp 1,6

[Interview with National Salvation Party Chairman General Necmettin Erbakan by Oral Calislar]

[Text] In a conversation with NSP [National Salvation Party] Chairman General Necmettin Erbakan today, Erbakan gave his views on the Sunni-Alevi conflict, relations with Iraq, and problems in our part of the world.

Question: Mr. Erbakan, discord between Alevi and Sunni citizens is being fomented in various areas of our country in recent times, and NAP [National Action Party] members, inciting Sunnis against Alevis, are carrying out mass murders. What are your ideas regarding the Sunni-Alevi conflict?

Answer: My friend, this is an artificial problem. Racists are purposefully exploiting the issue. As a matter of fact, racism and Islam are completely opposed to one another. Racists cannot be Muslims. For centuries, our Alevi and Sunni citizens lived side-by-side as brothers. There is absolutely no reason why they should be enemies. Our policy pertains to both the Alevis and the Sunnis. Incidents broke out in Corum, Yozgat, Kahramanmaraş, Amasya, and Nevşehir as a result of racist provocation, and racists are attempting to provoke other incidents.

Question: Prominent Alevi leaders propose that groups of experts join together to "enlighten the people" for the purpose of preventing provocation and reviving unity and brotherhood. What do you think about this?

Answer: I approve of the proposal to establish an expert commission of Alevi and Sunni notables to enlighten the people. It would be very beneficial.

Question: In the Fatih area of Istanbul, a group of terrorists given the name, the Raiders, has been placing pressure on the people. This group is well known to those close to you. How do you react to these types of actions?

Answer: There is no relationship between such a group and our party. We cannot approve, in any manner whatsoever, of those who pressure the people. Those are racist groups which are inciting zionism. Is there anything commendable about what these groups, which give themselves names such as the Islamic Liberation Army, do?

Question: At the press conference you held on your return from Iraq, you mentioned provocations between the two nations. What were you speaking of?

Answer: Zionists seek to destroy the friendship that exists between the two countries. They are acting together with zionists in America. According to Theodore Heral's map, Israel is considering annexing a portion of Turkey.

Government and Racists

The government and racists are acting at their command as well. The new Israeli ambassador to Turkey, Jacob Cohen, is a well-known bomb expert. Iraq does not want to be our enemy. A terrorist incident took place over there. The plan was to blow up oil wells. I saw the documents with my own eyes. Saddam Huseyin showed them to me. We faced terrorism in Iraq the way we face it everywhere here. Terrorists threw acid in the faces of those coming out of mosques. Among those sentenced to death was a man close to Saddam Huseyin. There was a member of the revolutionary council. Racists purposefully distort the issue.

Question: You attribute everything to zionist provocation. Very well then then, what do you say about the Soviet threat to our country?

Answer: A Soviet threat does exist. However, it also stems from zionism. The Soviets and America have reached an agreement and are dividing the world up among themselves. They are like the RPP [Republican People's Party] and the JP [Justice Party] in Turkey. They're like twins.

Question: But, there is conflict between them. There is the threat of war....What must be done in the face of the threat of war? What position will you take?

Answer: I admit there is a danger of war. We can remain outside of war by uniting with the Islamic nations.

Question: We are in the Soviets' path. They would be forced to attack us. In that case, what would we do?

Answer: If they attack, we will strike back. We will defend ourselves.

Question: How can we meet our needs for arms and military equipment in the face of the growing Soviet threat?

Answer: Our national industrial efforts will solve this problem.

Question: Since we are not in a position to do so now, how can we solve such a problem in the future?

Answer: If we develop our relations with Islamic nations, we will have money. When we have money, the West will give us arms. During the embargo, a large number of western firms offered us guns.

Question: Military aid is given for political purposes.

Answer: No. Once there is money, there is no problem.

Following this discussion with us, Erbakan spoke of his election predictions and what the NSP expects from elections, and he talked about his trip. We are not reporting this part of our discussion as we gave Erbakan our word that we would not.

Question: Mr. Erbakan, thank you very much for your interest and your explanations.

Answer: Thank you, my friend.

11673

CSO: 4907

ARMS RING BROKEN UP IN AUSTRIA

Istanbul TERCUMAN in Turkish 5 Aug 80 p 15

[Article by Ali H. Yurtsever]

[Text] Bregenz (Akajans)--Austrian police have uncovered an arms ring led by Turks which has very skillfully organized the greatest amount of arms smuggling that has taken place in recent years and which has contact men in nearly every European nation.

Austrian police, who have arrested three Turks from the top level of the organization, have completed an intensive secret investigation that lasted for days and are working on establishing the identities of the contact men in European nations, the chief of these being West Germany and Switzerland.

Operating Since 1971

According to information obtained by an Akajans correspondent, who went to the Vorarlberg Province of Austria on the Swiss border to investigate, in particular, an "arms smuggling incident" that had been kept quiet for 2 weeks by Austrian police, the ring, three of whose members were arrested by police, had been taking arms into Turkey since 1971.

Hikmet M., born in Trabzon, shuttled back and forth between Turkey and Austria since 1971 in a cream-colored Murat automobile bearing Trabzon license plates and is thought to be one of the "key men" in the organization. He frequently purchased revolvers, ammunition, and parts used in the manufacture of revolvers from an arms firm called Hofmann Und Reinhard located in Zurich, Switzerland. According to information that was received, Hikmet M. had obtained permission to reside in Vorarlberg Province for a period of time and worked together with Zuhtu T. (from Duzce), Ali Sahip S. (Duzce), Mehmet T. (Trabzon), laborers in this province, and Osman (Trabzon), who was employed as a worker in Germany. Hikmet M., who purchased arms and ammunition from the Hofmann Und Reinhard firm in Switzerland through Walter N., an Austrian pimp, smuggled the arms into Turkey by way of West Germany through a business partnership in Vorarlberg Province.

According to information from reliable sources, Hikmet M. often took the guns and bullets into Turkey himself in a specially-constructed "compartment" in his Trabzon-registered Murat automobile. The ring, however, not content with smuggling arms into Turkey, began to manufacture revolvers in underground workshops on the Black Sea, went so far as to stamp them with serial numbers, produced various brands that could not be distinguished from European-made models, brought them to Europe, and sold them to Turkish workers in Europe as "European-made."

How Ring Was Uncovered

Based on various sources of information and on the fact that the Vorarlberg criminal police have still not revealed the result of their continuous investigation, it appears that the ring was uncovered through a tip. Police who investigated the information began to tap the telephone of a Turkish coffeehouse in the town of Hohenems that Hikmet M. frequented. The police made tapes of all the conversations and finally went into action when a call came from the Hofmann Und Reinhard firm in Zurich and the words, spoken in German, "Your 3 million items are ready. Come and get them," were uttered. The "3 million items" of the Zurich company were 3 million bullets for Parabellum pistols. They had been ordered by Hikmet M. previously, but, because the firm did not have them on hand, the telephone at the Turkish club in Hohenems was selected as the place to make contact.

The police, who took Hikmet M. into custody, also confiscated a large number of guns and ammunition. Following questioning, Ali Sahip S. was arrested at his lodging. Bags found behind the walls of the workmen's residence contained bullets, revolvers, and a large number of goods for assembling guns such as revolver hammers, triggers, gun barrels, and serial-number plates. Following this, the organization's Austrian member and commission agent, Walter N., was apprehended. The deeper the probe, the more new names emerged. A third member of the ring, Zuhtu T., was also arrested in Vorarlberg. Mehmet T., however, escaped.

Criminal police, who are avoiding providing any information whatsoever other than the identities of those arrested to even Turkish officials, report that they possess "very important evidence," that the ring had engaged in smuggling back and forth between Europe and Turkey up until now, and that it was learned that the arms were sold to terrorist organizations in Turkey.

11673
CSO: 4907

END

END OF

FICHE

DATE FILMED

October 10, 1980

D.S.

